MANAGING LABOUR MIGRATION FOR LOWER SKILLED JOBS

Challenges, pitfalls and solutions

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General objectives

- Fill *needed* lower skilled jobs without adversely affecting resident workers
- Ensure that workers are protected
- Prevent overstay
Challenges in recruiting lower skilled foreign workers

- Lower skilled foreign workers may have similar characteristics to vulnerable resident workers
  - “resident” may have different meanings
- Lower skilled jobs may be inconsistent (or consistent) with upskilling and productivity increases (real/targeted)
- Low wage jobs may yield income below threshold for social transfers
Immediate challenges

• Deciding how many lower skilled jobs can be filled by foreign workers... and for how long
• Deciding what rights to grant foreign workers in lower skilled jobs (especially mobility)
• Understanding the costs of the programme and determining who will pay
SPECIFIC COUNTRY EXAMPLES

Sweden, Canada, Korea, France, USA
Sweden: No limits on low-skilled work

Occupations of labour migrants, by cumulative entries 2009-11 relative to total employment 2009

The size of the circle represents the number of entries according to surplus/shortage ranking on the Occupational Barometer.
Canada’s large TFW programme

Entries of TFWs Authorized to Work in Canada, 2003-13

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<tr>
<th>Year</th>
<th>Low Skill</th>
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LMOs under old Canadian LMT by Management Occupations and Skill Level (A - D)

- A - Professionals
- B - Skilled and Technical
- C - Intermediate and Clerical
- D - Elemental and Labourers
- O - Management Occupations

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Korea: enormous and complex sector-based temporary (?) programme

- Introduced in 2006 to replace a dysfunctional trainee programme and rapidly became an integral part of the labour force
- Based on BLAs with origin countries. Businesses must be in approved categories and submit to LMT procedures
- Programme oversubscribed, so a scoring system is used to assign workers to “law-abiding” employers. Most employers don’t get all the workers they request.

Non-Professional Temporary Foreign Workers, stock, 1990-2016
France: subject only to LMT, in practice conducted through regularisation

**Education level of third-country nationals, by type of permit, 2009, France**

Source: Elipa (Ministère de l'Intérieur), vague 2010

**Share of regularised workers out of all third-country work permits issued, by sector, 2009 (includes most status changes)**

USA: relatively small programmes

H-2A: Temporary worker performing agricultural services. Uncapped. Underutilised relative to size of agricultural employment

H-2B: Temporary worker performing other services. Capped at 66000 annually (with exceptions). Oversubscribed (but not massively, until recently)

Very small (5000/year) permanent employment-based programme for low-skill jobs
KEY INSTRUMENTS FOR MANAGING LOW SKILLS IN DEMAND-DRIVEN SYSTEMS
Solutions: keeping the programme under control

Barriers to recruitment
- Skill requirements
- Salary requirements
- Quotas (overall, sector)
- Labour market tests
- Long processing time
- Permit and visa fees
- Requirement to use certain channels
- Sponsor requirements
- Mobility restrictions

Barriers to employment
- Quotas
- Firm-level proportion requirements
- Employment levies
- Wage premium
- Occupational, geographic restrictions

Barriers to retention
- Quotas
- Temporary stay requirements
- Sunset authorisation
Solution: drive up cost of lower skilled foreign workers

• Increase permit application fee and labour market test cost and complexity
• Impose wage premia
• Impose levy on employment
• Constrain labour supply through quotas (overall, sector, firm-level...)

• Each carries its own pitfalls!
KEY POLICY QUESTIONS

Who is responsible? How long should permits last? How can compliance be ensured? Should different sectors be treated differently? What are the trade-offs?
What admission filters should be in place?

**Shortage list**
- Established by whom, based on what?
- Important only to the extent they allow admission, so they depend on
  - the **severity, complexity and cost of the LMT** from which they provide an exemption
  OR
  - the extent to which they remove a **general restriction** on labour migration

**Labour market test**
- Hard to establish scope and duration
  - Where do jobs have to be posted?
  - How long should it run?
  - Should certain employers or occupations be exempted?
- Hard to administer
  - Automatic or case-work approach
- Linked to shortage list question

**Wage threshold**
- Second-guessing the labour market
Who is responsible?

**Bilateral agreements vs. Open recruitment**

Most countries don’t require or favour use of bilateral agreements

- Korea: 15 countries for the EPS
- Germany: small programmes, sector-focused, obsolete
- Japan: focused on specific sectors
- Agricultural programmes are more likely to have bilateral agreements (Canada, Australia, New Zealand)

**State vs. employers**

- Limited state intermediation
- In some cases, responsibility of employers:
  - Housing
  - Travel cost
  - Legal responsibility and compliance
  - Return costs
### How long should workers be allowed to stay?

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<th>Seasonal</th>
<th>Temporary</th>
<th>Permanent</th>
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| Seasonal work requires low recruitment/travel costs to reduce risk of overstay. Favours:  
- close-by countries  
- Large earnings gaps  
- Long seasons  
- BLAs  

Employer costs can only be amortised over a short period | Most EU countries issue only temporary conditional first permits  
In settlement countries, low-skill workers are more constrained  
Family reunification is also a key question | Most EU countries have a path to permanent residence for all labour migrants  
Low-skilled temporary labour migrants in settlement countries face stricter eligibility criteria, but options for stay can be found  
In other countries, there may be tiny concessions |
Enforcement mechanisms for temporary migration

**Pre-arrival**
- Information campaigns
- Employer reward and punishment (PBS, recruitment allocations, cost-sharing)
- Licensed recruitment agency

**During stay**
- Labour inspectorate, immigration inspectorate, tax compliance (at renewals), mandatory banking
- Training and support

**At Departure**
- Bonds (set-asides) as reward or forfeiture
- Multiple entry visas for “circular migration” (priority return)
- Transferable right of nomination

Programme administration (logistics) – constant case work
Should there be a sector-based approach?

Agriculture

Employers are often households

Domestic work / childcare

Structural

Home health care

Cyclical

Construction

Mining
Lower-skilled labour migration policy does not occur in a policy vacuum.

- **Control & limits**
  - Strong concern from public opinion
  - Help residents find jobs

- **Attractiveness & irregular migration**
  - Support to industry, attractiveness for other migrants
  - May push natives upwards, or harm their employment prospects

- **Active labour market policies**

- **Low skilled migration**
Thank you

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