



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

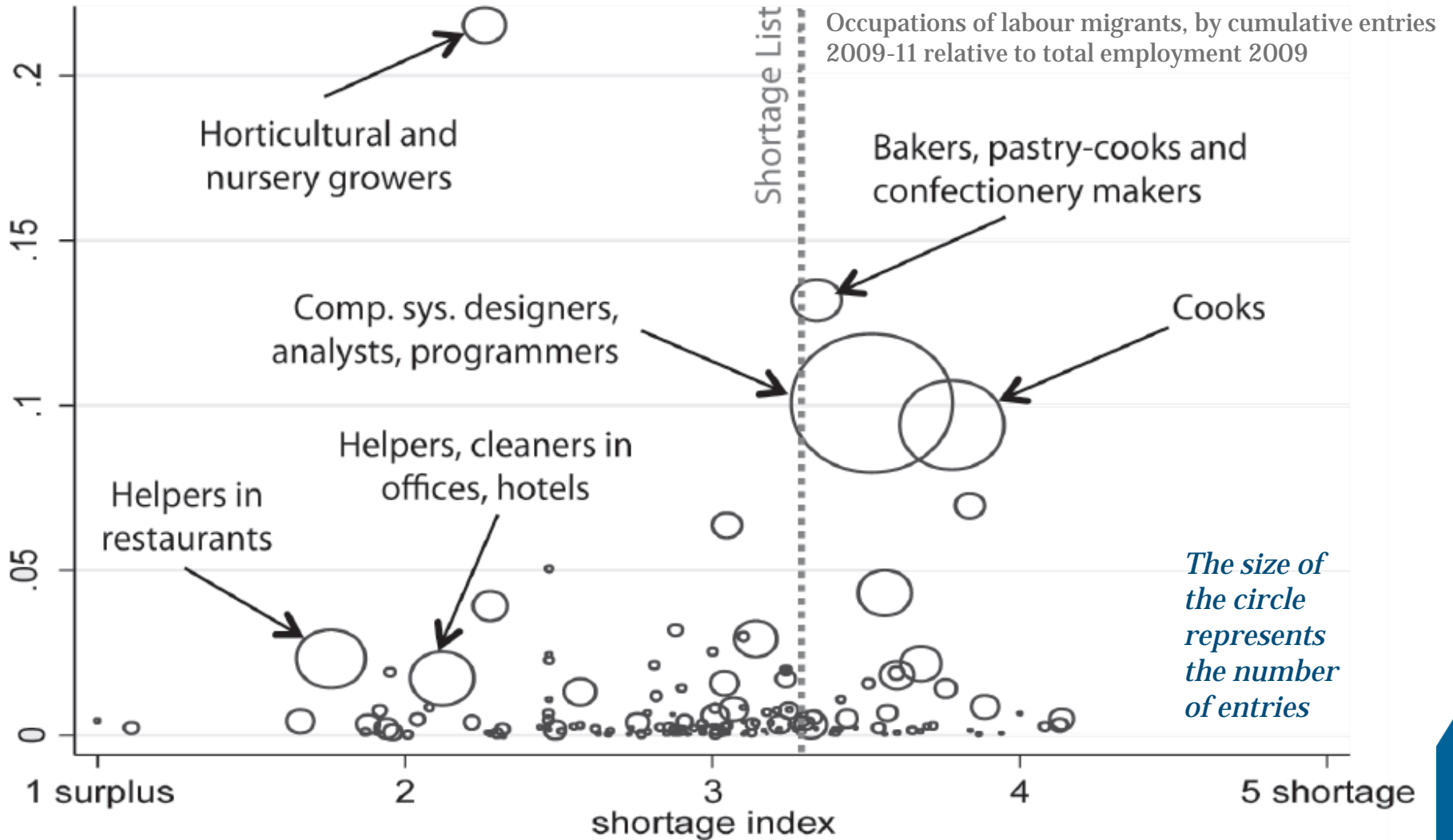


SPECIFIC COUNTRY EXAMPLES

Sweden, Canada, Korea, France, USA



Sweden: No limits on low-skilled work

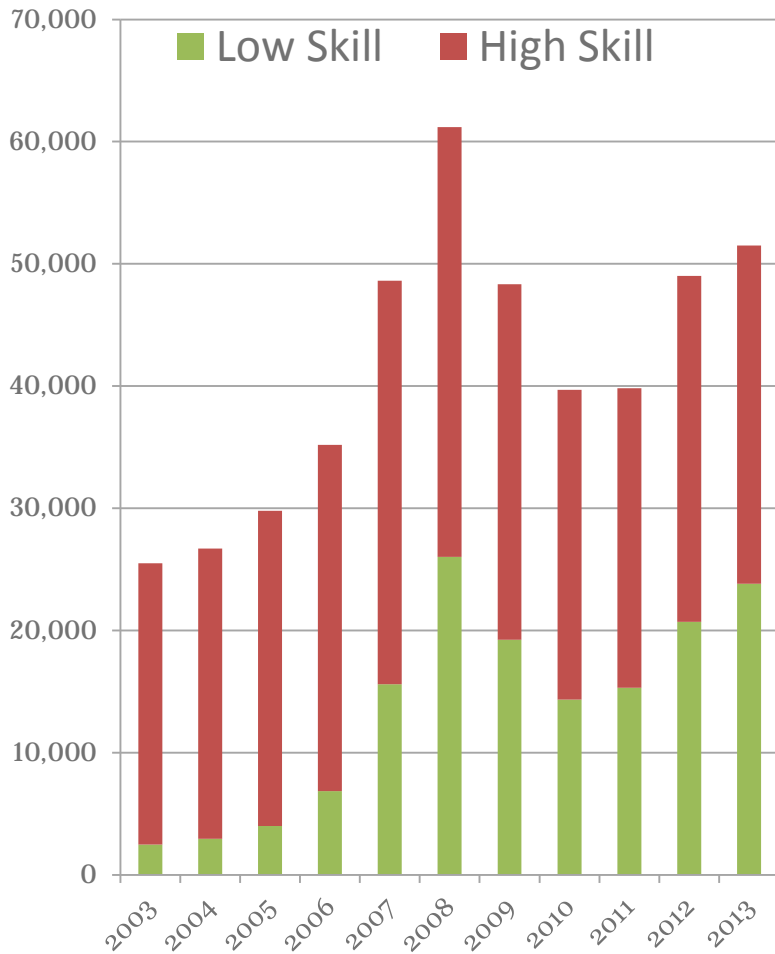


according to surplus/shortage ranking on the Occupational Barometer

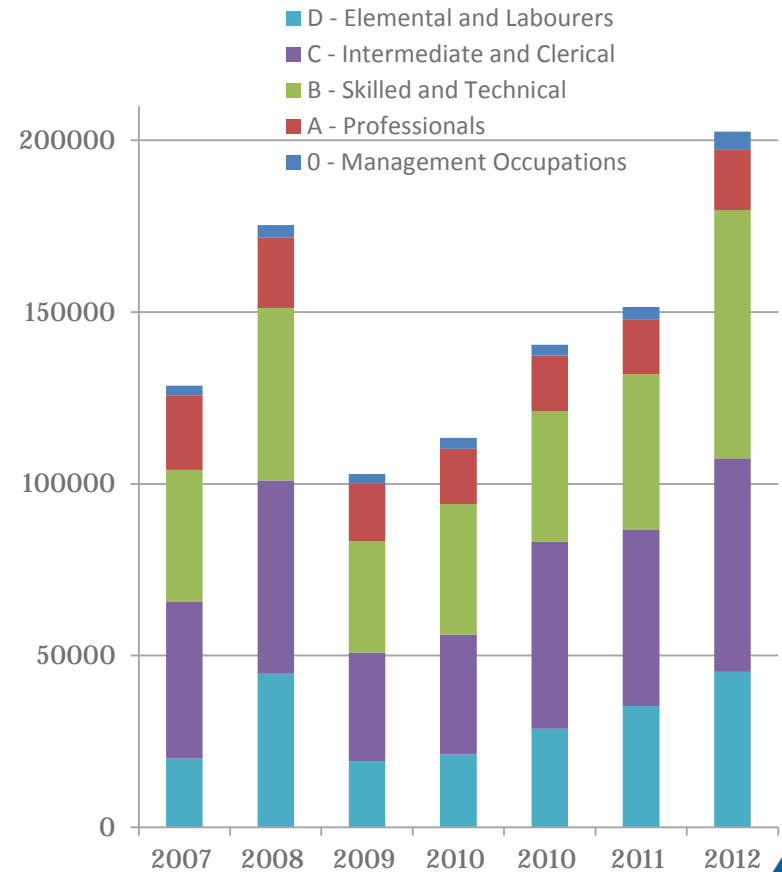


Canada's large TFW programme

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



LMOs under old Canadian LMT by Management Occupations and Skill Level (A - D)

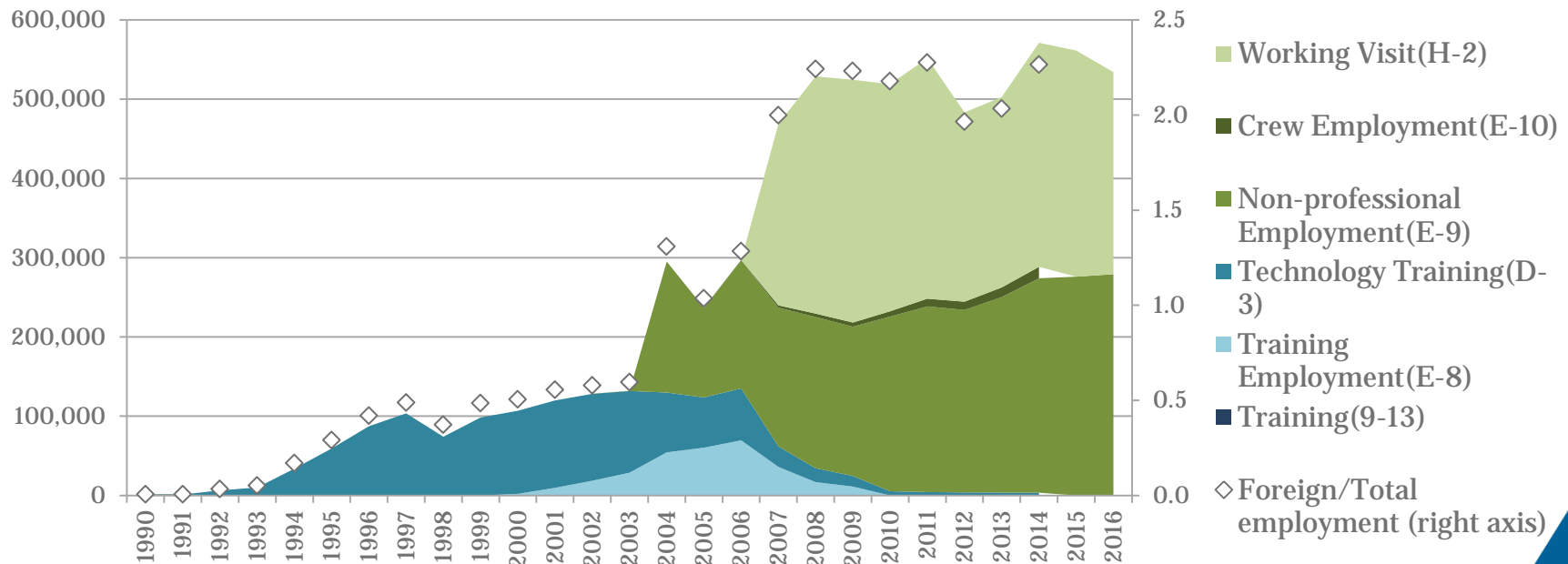




Korea: enormous and complex sector-based temporary (?) programme

- 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.

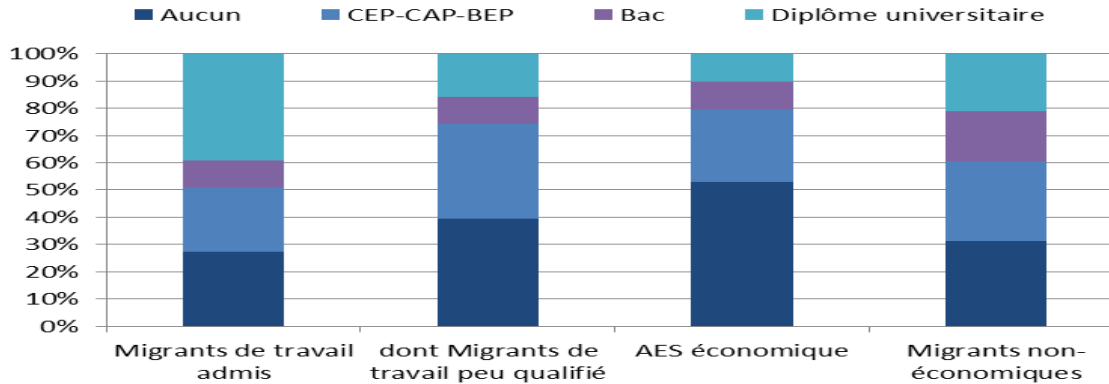
Non-Professional Temporary Foreign Workers, stock, 1990-2016





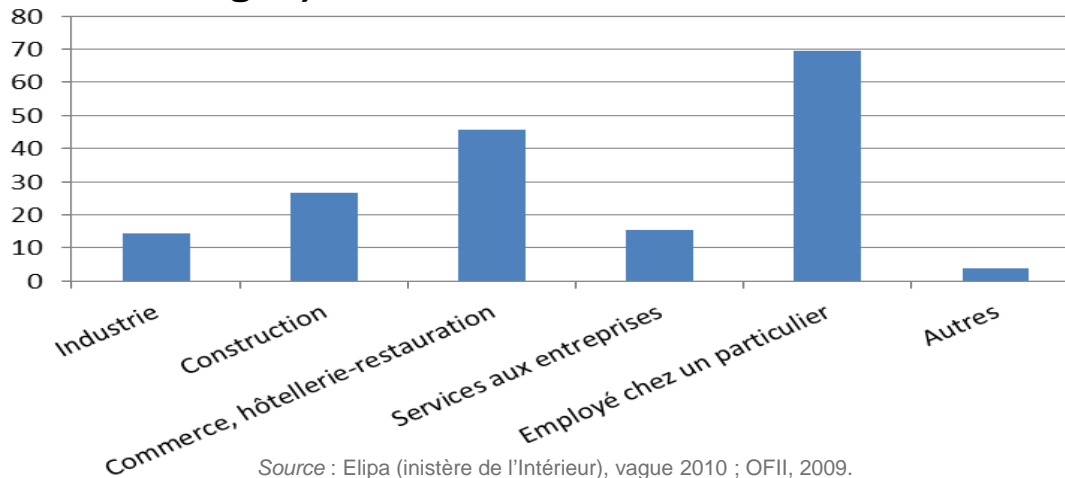
France: subject only to LMT, in practice conducted through regularisation

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)



Source : Elipa (Ministère de l'Intérieur), vague 2010 ; OFII, 2009.



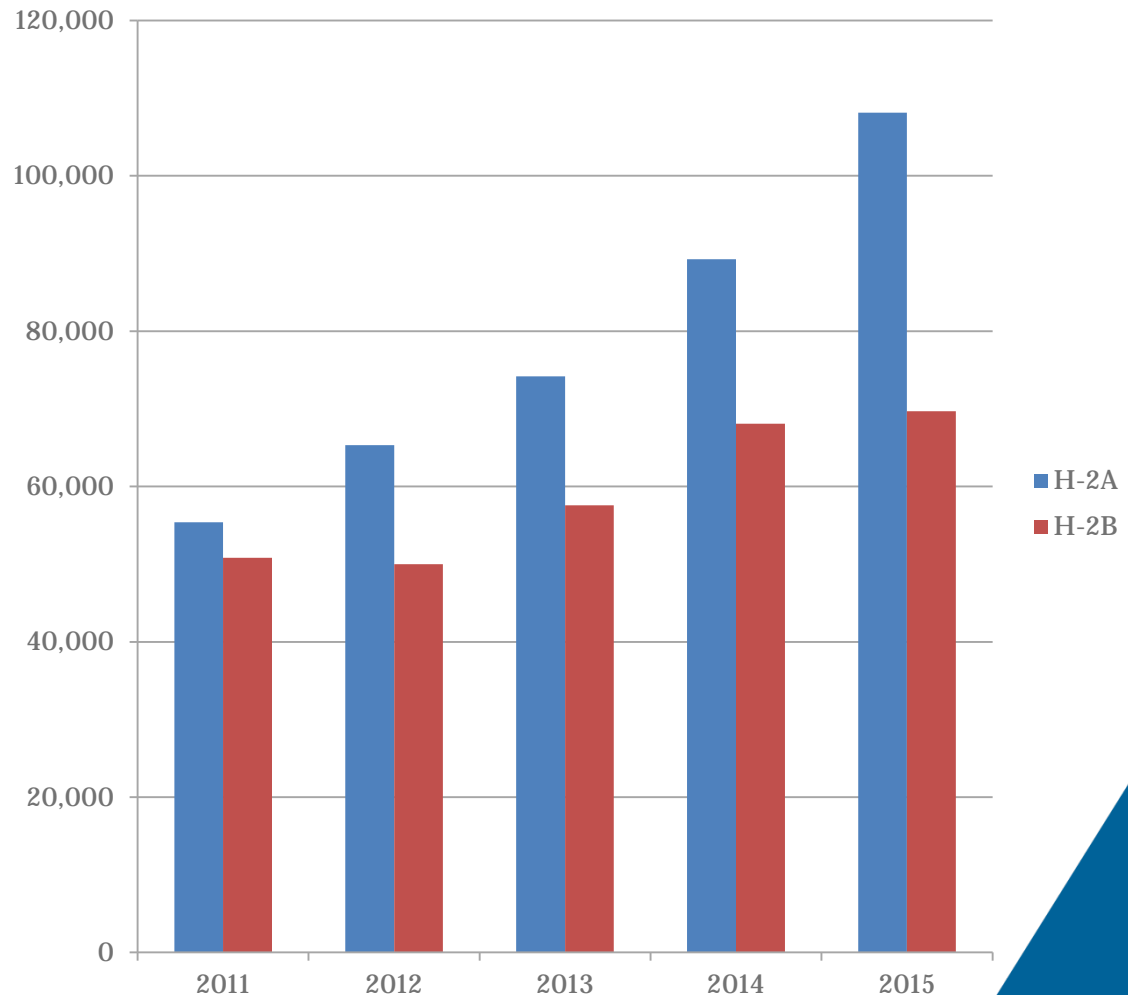
USA: relatively small programmes

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

Visas issued FY 2011-2015





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?

Seasonal

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

Temporary

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

Permanent

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

Programme administration (logistics) – constant case work

Pre-arrival

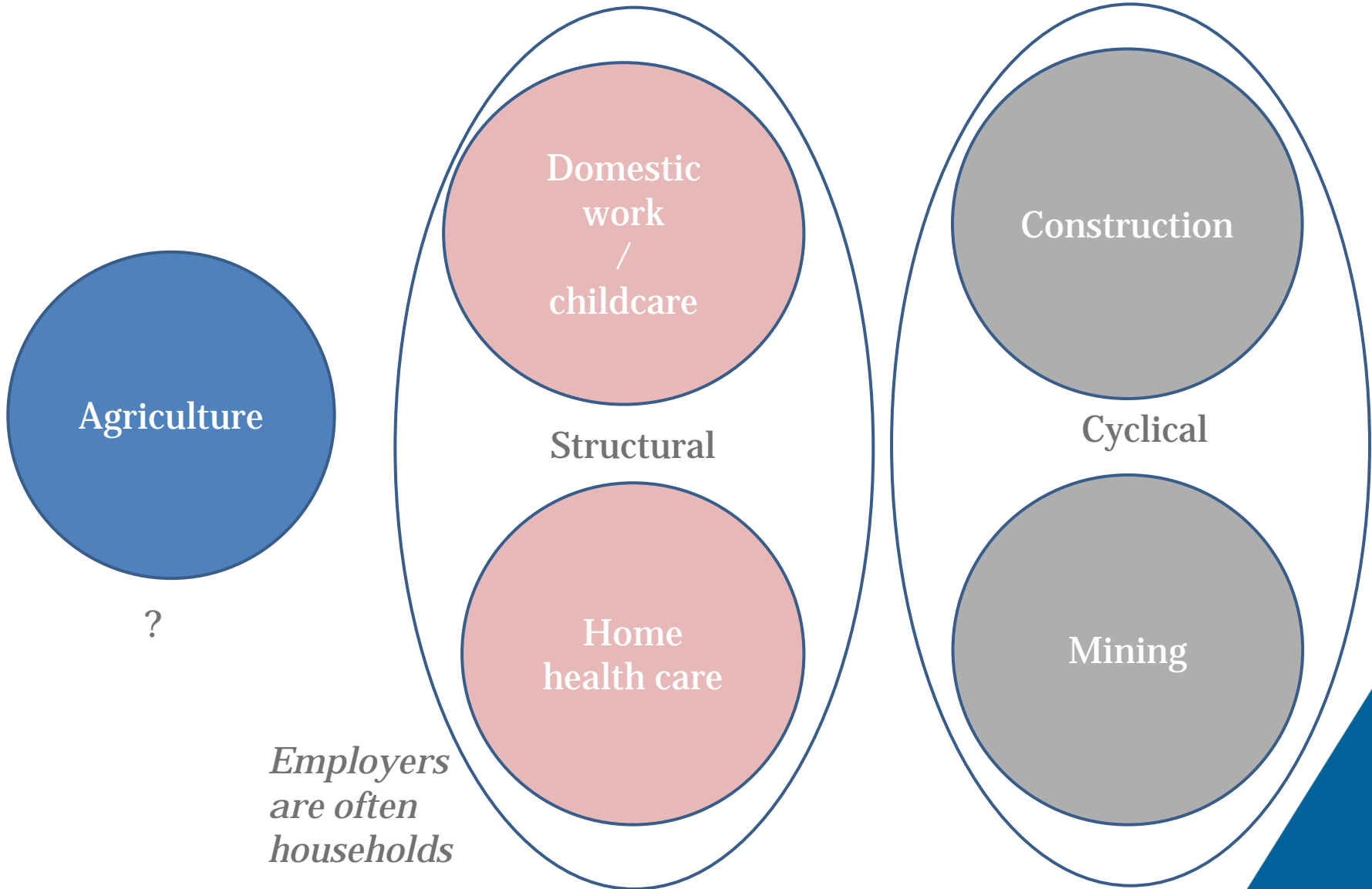
During stay

At Departure

- Information campaigns
- Employer reward and punishment (PBS, recruitment allocations, cost-sharing)
- Licensed recruitment agency
- Labour inspectorate, immigration inspectorate, tax compliance (at renewals), mandatory banking
- Training and support
- Bonds (set-asides) as reward or forfeiture
- Multiple entry visas for “circular migration” (priority return)
- Transferable right of nomination

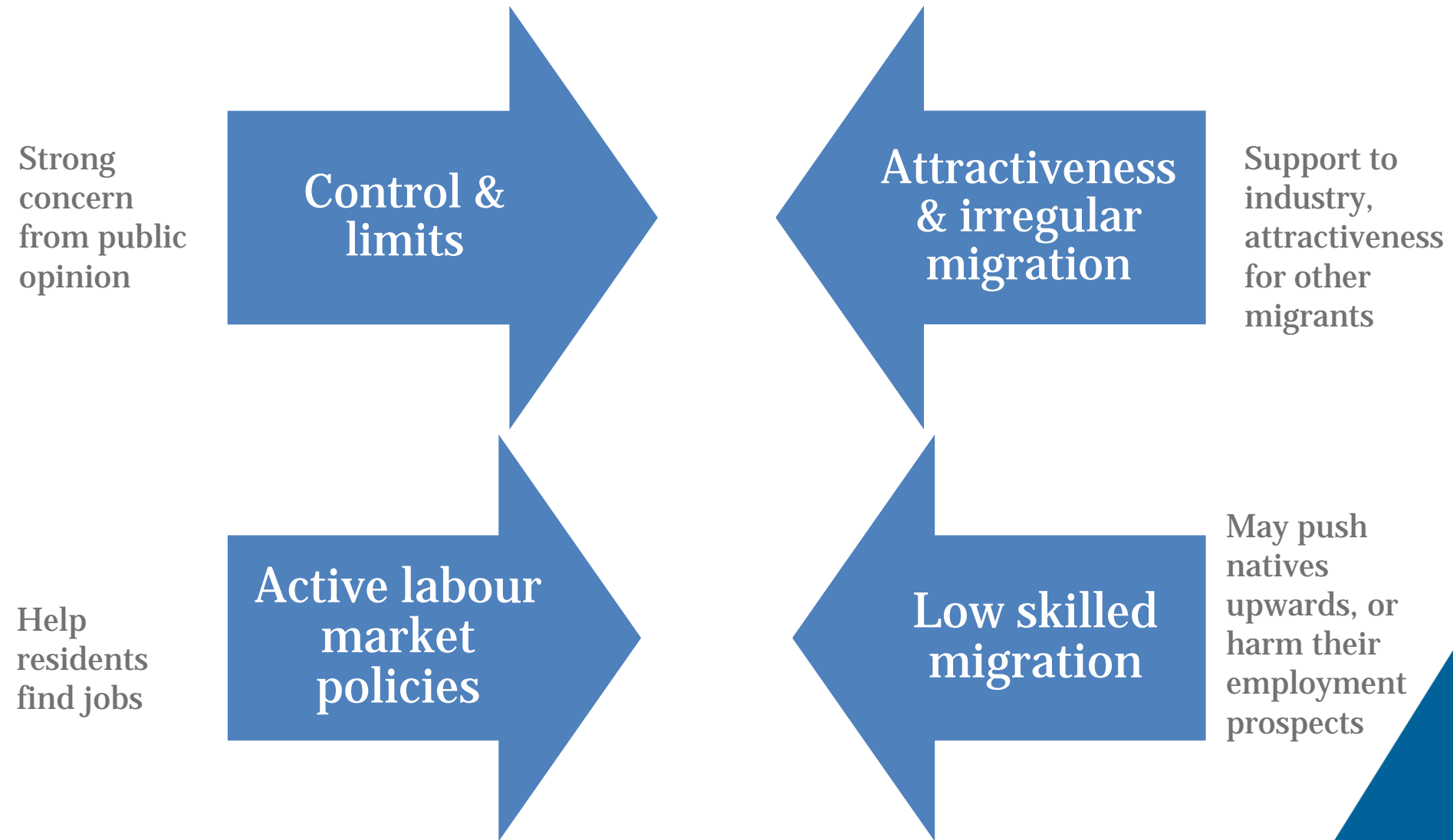


Should there be a sector-based approach?





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

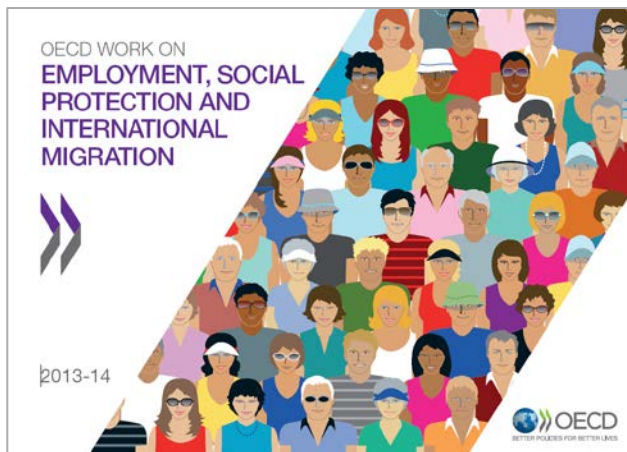




Thank you

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