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Migration and the Economic Crisis: Implications for Policy in the European Union

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I. BACKGROUND

Spain became a destination for immigration in the 1980s for the first time in its recent history. This big change was caused by direct and indirect factors.

Direct factors:

- The country's rapid economic growth over the past two decades.
- The growing demand for unskilled labor, the consolidation of heavily segmented labor markets.
- The size of the "informal" economy.

Indirect factors:

- Both the Spanish population and active population have been aging due to a sharp fall in birth rates
- The population has limited internal mobility and is irregularly distributed throughout the different regions of the country.

The dynamics of Spanish migration are unique; a distinctiveness stemming from the diversity of the countries of origin and the kinds of immigrants seeking to settle there. This includes migratory flows of workers from Latin America, Africa and Eastern Europe and also migrations of retirees and workers from other European Union member states. At the start of 2009, the largest group of foreigners in Spain was Romanian (776,576). Among the rest of the EU member states, the largest groups were British (374,600) and German (190,584). For non EU countries Moroccans were the largest group (710,401), followed by Ecuadorians (413,715) and Columbians (292,971). The most recent flows originate from a diverse collection of countries that include Paraguay, Brazil, Ukraine and Pakistan. Unlike Northern Europe, where it is much more common for immigrants to seek asylum, the Spanish migratory model has mostly been based on immigrants seeking work, although there is a component of retirement migrations.

MIGRATION DATA

Immigration flows to Spain have also been extremely intense over the past decade. The statistics are eye opening (figure 1 figure 3 and figure 4). In 1999 there were fewer than 750,000 foreign residents in Spain, representing only 1.86% of the population. The latest data, from the beginning of 2009, indicate that just ten years later there are more than 5.5 million immigrants¹, which is 12% of the population. The immigrant population has grown rapidly from the second half of the 1990s and the growth was particularly intense between 2000 and 2003 and again in 2005, with the percentage of interannual variation surpassing 48.36% in some cases. We should also remember that throughout the last decade a third of the new migratory flows toward Europe were directed at Spain, making it the OECD country with the second largest number of immigrants received, after the United States, and the first in relative terms. At the beginning of, 2009, 53.11 % of the immigrants were male and 46.88% female. Distribution by sex is well-balanced (figure 2 and figure 4). The number of male workers in the labor market is higher although (figure 10)

Figure 1. Stock of foreign population in Spain (1999-2009)

	Total	%
1999	748,954	1.86
2000	923,879	2.28
2001	1,370,657	3.33
2002	1,977,946	4.73
2003	2,664,168	6.24
2004	3,034,326	7.02
2005	3,730,610	8.46
2006	4,144,166	9.27
2007	4,519,554	10.00
2008	5,268,762	11.41
2009*	5,598,691	12.00

1 Of these 5.5 million less than half, 2.3 million are citizens of the European Union (National Statistics Institute 2009a).

Source: Municipal Register. Foreign Population (thousands). The National Statistics Institute.
 *Provisional data

Figure 2. Stock of foreign population in Spain by sex (1999-2009)

	Total	Male	Female	Male (%)	Female (%)
1999	748,954	379,336	369,619	50.64	49.36
2000	923,879	471,465	452,413	51.03	48.97
2001	1,370,657	716,837	653,820	52.29	47.71
2002	1,977,946	1,048,178	929,767	52.99	47.01
2003	2,664,168	1,414,750	1,249,418	53.10	46.90
2004	3,034,326	1,605,723	1,428,603	52.91	47.09
2005	3,730,610	1,992,034	1,738,576	53.39	46.60
2006	4,144,166	2,215,469	1,928,697	53.45	46.54
2007	4,519,554	2,395,685	2,123,869	53.00	47.00
2008	5,268,762	2,802,673	2,466,089	53.19	46.80
2009*	5,598,691	2,973,707	2,624,984	53.11	46.88

Source: Municipal Register. Foreign Population (thousands). The National Statistics Institute

*Provisional data

Figure 3. Residence card holders in Spain (1999-2009)

1999	801,329
2000	895,720
2001	1,109,060
2002	1,324,001
2003	1,647,011
2004	1,977,291
2005	2,738,932
2006	3,021,808
2007 (I quarter)	3,236,743
2007(II)	3,536,343
2007(III)	3,740,956
2007(IV)	3,979,014
2008 (I)	4,192,835
2008 (II)	4,169,086
2008 (III)	4,274,821
2008 (IV)	4,473,499
2009 (I)	4,495,349
2009 (II)	4,625,191
2009 (III)	4,715,757

Source: Labor and Immigration Ministry (1999-2009)

Figure 4. Inflow of foreign population in Spain (1999-2008)

Total	Male	Female	Male (%)	Female (%)
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1999	92,122	50,038	49,084	54.31	45.68
2000	330,881	178,006	152,875	53.79	46.20
2001	394,048	210,580	183,468	53.44	46.55
2002	443,085	232,699	210,386	52.51	47.48
2003	429,524	223,036	206,488	51.92	48.07
2004	645,844	354,722	291,122	54.92	45.07
2005	682,711	370,562	312,149	54.27	45.72
2006	802,971	422,997	379,974	52.67	47.32
2007	920,534	502,168	418,366	54.55	45.44
2008	692,228	370,432	321,796	53.51	46.48

Source: Residence Variation Statistic. The National Statistics Institute

Irregular Immigration

In absence of regularizations, irregulars estimate are very rough (deportations are also a very rough estimation of irregularity). Traditionally methodology used to calculate those numbers has been a comparative between Municipal Register and Residence Permits, excluding studies permits, temporary permits (less than six months) and renovations. Data available it is not showing an increasing number of immigrants in irregular situation as consequence of the economic crisis.

COMPOSITION OF MIGRANTS AND CHANGES IN THE LABOUR

By sector

Although the factors which explain the establishment and persistence of migratory flows are extremely complex, the intensity of this immigration can be explained in part as a result of the growth of the Spanish economy over the past decade –which had the strongest growth among the original 15 EU member states over that time period– and also the demand of the labor market during a period of intense job creation. However, the development of the Spanish economy has largely dependent on the services sector, tourism and construction. Dependence on these sectors has made the economy structurally weak and created a growing gap in productivity over the years when compared to the rest of the European economy (FEDEA 2009). At the same time, this economic situation has led directly to an increase in the demand for unskilled workers in those sectors (construction, services and tourism) and others, such as agriculture, which offers very seasonal employment, and domestic services, the demand for which has grown as a consequence of the increased level of education of Spanish women and

their massive incorporation into the labor market, as well as the aging of the population and the fact that the Spanish Baby Boom generation has arrived at their reproductive cycle².

In light of this information, Cachón concluded that the intensity of the migratory flows toward Spain over the past decade (figure 4) was caused by the growing demand of its labor market, the attraction of its informal economy and the higher standards of Spanish workers when deciding which jobs were “acceptable” to them, a tendency related to the growing social and economic prospects of the country (Cachón 2002).

The most recent economic studies have identified the importance of immigration in Spain’s economic growth between 1994 and 2007, in particular its positive influence on GDP and the public coffers (Oficina Económica del Presidente del Gobierno 2006). They have also shown the advantages that it has provided to the Spanish labor market (Dolado and Vázquez 2007). Migrants have occupied low paying jobs which are difficult to staff with native workers, thereby promoting the development of businesses and sectors, without having a negative impact on the employment or wages of local workers (Pajares 2007, 2008, 2009).

The participation of foreign workers in the Spanish labor market has been particularly intense throughout the last decade, as the data from the Economically Active Population Survey (EAPS3) shows. Unlike in Northern and Central Europe, not only do immigrants in Spain account for a large part of the active population, but they also have higher rates of activity than the native population. In 1996 the percentage of the active population that was not made up of nationals of an EU member state was barely above 100,000, or 0.7% of the active population. This data is starkly contrasted with those available for the middle of the current decade: almost 2,000,000 foreign workers from outside the EU were incorporated into the active population, representing 9.3% of all workers in Spain.

Figure 5 A Foreign workers by economic sector in Spain (2005-2009)

	2005	2006	2007	2008	2009*

² This labor demand also explains the geographic patterns of where immigrants settle in Spain, which tends to be in the richer regions that have greater productive diversification or greater weight in productive sectors, such as Madrid, Catalonia, Andalusia, Valencia, Murcia and the two island regions, the Balearic Islands and the Canaries.

³ The Encuesta de Población Activa (EPA) [Economically Active Population Survey (EAPS)] is a survey that has been carried out every trimester since 1964 by the Instituto Nacional de Estadística [Spanish Statistical Office, a government institution which collects and distributes official statistics about Spain]. Its goal is to obtain information about the working population and its different labor categories, as well as about the inactive population. The advantage that this survey has over other sources is that it collects information about national and foreign workers in the formal economy as well as in the informal economy. It is the best source of information to understand the Spanish labor market and the employment of foreign immigrants.

Agriculture	182,365	175,512	180,417	225,690	272,462
Industry	128,969	148,029	171,653	153,094	143,180
Construction	318,240	377,900	417,849	270,109	242,271
Services	1,058,845	1,122,529	1,211,184	1,233,328	1,228,296
N.A	179	3	3	3	1,784
Total	1,688,598	1,823,973	1,981,106	1,882,224	1,887,993

Source: Labor and Immigration Ministry (Annual Report)

*September 2009

Figure 5.B Foreign workers by economic sector in Spain (2005-2009). Percentages

	2005	2006	2007	2008	2009*
Agriculture	10.79	9.62	9.10	11.99	14.43
Industry	7.63	8.11	8.66	8.13	7.58
Construction	18.84	20.71	21.09	14.35	12.83
Services	62.70	61.54	61.13	65.52	65.05
N.A	-	-	-	-	-
Total	100	100	100	100	100

Source: Labor and Immigration Ministry (Annual Report)

*September 2009

Figure 6. A Economically active foreign population by economic sector

	2008I	2008II	2008III	2008IV	2009I	2009II	2009III
Agriculture	198,900	196,700	199,200	213,900	224,600	215,600	225,800
Industry	378,100	384,500	375,900	386,400	379,900	371,200	337,700
Construction	776,000	777,000	746,900	707,700	699,500	667,500	587,800

Services	1,959,000	2,003,900	2,075,300	2,148,900	2,135,800	2,164,000	2,190,400
Total	3,445,800	3,523,100	3,571,000	3,665,900	3,724,500	3,710,600	3,658,800

Source: The Economically Active Population Survey. The National Statistics Institute

Figure 6. B Economically active foreign population by economic sector. Percentages

	2008I	2008II	2008III	2008IV	2009I	2009II	2009III
Agriculture	5.77	5.58	5.57	5.83	6.03	5.81	6.17
Industry	10.97	10.91	10.52	10.54	10.20	10.00	9.22
Construction	22.52	22.05	20.91	19.30	18.78	17.98	16.06
Services	56.85	56.87	58.11	58.61	57.34	58.31	59.86
Total	100	100	100	100	100	100	100

Source: The Economically Active Population Survey. The National Statistics Institute

In 2005, immigrants had a global activity rate of 78.9% which was almost 24 points higher than that of the Spanish (which was 55.2%). And as Cachón has pointed out, this difference in global activity was not a random occurrence in the middle of the decade, but rather a persistent tendency, although variable over time. This persistence is clearly seen in the EAPS carried out from 1996 to the present (Cachón 2007, 2009). However, it should be noted that the younger average age of the foreigners largely explains this difference. In addition, foreign workers tend to work in the lower categories of the Spanish labor market, especially in jobs which pay the least amount of taxes (unskilled laborers, first level clerks and second level clerks). They are clearly concentrated in the lowest scale jobs.

Figure 7. Unemployed population and unemployment rates (2007-2009)

	Unemployed population	Unemployment rate	Unemployment rate (native workers)	Unemployment rate (migrants workers)	Percentage difference (native workers - migrants workers)
2007 (I)	1,856,100	8.47	7.80	12.61	4.81
2007(II)	1,760,000	7.95	7.29	11.97	4.68
2007(III)	1,791,900	8.03	7.40	11.78	4.38
2007(IV)	1,927,600	8.60	7.95	12.37	4.42

2008 (I)	2,174,200	9.63	8.73	14.65	5.92
2008 (II)	2,381,500	10.44	9.34	16.46	7.12
2008 (III)	2,598,800	11.33	10.20	17.45	7.25
2008 (IV)	3,207,900	13.91	12.52	21.26	8.74
2009 (I)	4,010,700	17.36	15.24	28.39	13.15
2009 (II)	4,137,500	17.92	16.00	28.00	12.00
2009 (III)	4,123,300	17.93	16.12	27.51	11.39

Source: The Economically Active Population Survey. The National Statistics Institute

For years, the massive incorporation of migrants into the Spanish labor market, especially into unskilled jobs in construction, hotel services, agriculture and domestic service occurred with very little intervention by the Spanish government. During this period, market forces were the main source of internal regulation of foreign workers in the Spanish economy.

The severe loss of jobs has serious social repercussions within the country. Over the past year there has also been a considerable decrease in the number of people contributing to social security and a growing gap between the percentage of unemployed foreigners and natives (not so high in 2009). In 2008 the unemployment rate reached 13.91% of the active population; but there is a huge difference between Spanish citizens and foreigners: among natives the unemployment rate was 12.52% and among foreigners it was 8.7 points higher at 21.26%

By the middle of 2009 the statistics were even worse: more than 4 million people were unemployed, representing 17.92% of the active population; and the unemployment rate for natives is 16% and 28% for foreigners. The difference between foreigners and natives has been increasing over the last few months, with the unemployment rate for foreigners now almost double that of natives. However, the latest statistics published by the Spanish Ministerio de Trabajo [Work Ministry] show that since the month of April the number of foreigners contributing to social security has gone up slightly, but this increase could be caused by the highly seasonal nature of some activities, such as hotel work, which allows for the temporary activity of unemployed workers. The difference between foreigners and natives unemployment rate has been decreasing over the last few months (13.15 first quarter of 2009 and 11.39 third quarter of 2009), The impact of skyrocketing unemployment is devastating for Spanish households, especially if we consider that according to the data from the end of June 2009 more than one million households have all of their active members on the unemployment roles. Some foreign worker move from construction to agriculture, domestic service and services to face the economic crisis and looking for new employment opportunities in other sectors (figure 7).

The effect of unemployment on the national and foreign population is not homogeneous. Unemployment affects males more than women and has dissimilar impacts on different groups of foreigners. As Godenau recently pointed out, “the Spanish labor market is segmented and the effects of the crisis are different for different segments. A large percentage of non-EU migrants work in the secondary economy, with clear signs of horizontal and vertical stratification, in jobs that are more sensitive to economic conditions” (Godenau 2009a). The most recent report published in Spain about immigration and the labor market (with data from the end of 2008)

also indicates that Romanians, Ecuadorians and Moroccans had the greatest number of newly unemployed. However, unemployment was especially high among Moroccans (nearly 35%). Although unemployment rates are lower in other immigrant communities, such as the Bolivian and Paraguayan, the social conditions in these communities have deteriorated a great deal thanks to the higher rates of irregularity and employment in the informal economy, which has limited their ability to access unemployment benefits (Pajares 2009).

Pajares' study also indicates that unemployment and the economic crisis in general have significantly worsened the living conditions of many foreign residents. The biggest impact has been greater difficulty in renewing work permits and the inability to meet rent and mortgage payments in shared homes. In addition, it has been estimated that living conditions will get even worse when many immigrants run out of unemployment benefits (Pajares 2009).

Figure 8. Foreign workers by nationality (2007-2009) (main nationalities)

	2007	2008	2009
Bulgaria	49,834	51,937	54,488
Italy	68,907	72,709	63,531
Portugal	82,704	75,448	61,841
United Kingdom	60,883	60,038	54,989
Romania	215,521	248,914	283,176
Morocco	272,448	259,471	227,491
Ecuador	262,494	253,604	192,977
Colombia	150,415	153,563	121,915
Peru	79,247	88,048	74,953
China	62,857	70,044	74,569
Bolivia	51,126	63,026	70,187
Argentina	58,225	58,443	48,865

Source: Ministry of Labor and Immigration

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Puede consultarse en

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