



# MANAGING TEMPORARY WORKERS MOBILITY

**MODE 4 AT WORK  
COUNCIL FOR TRADE IN SERVICES THEMATIC  
SEMINAR**

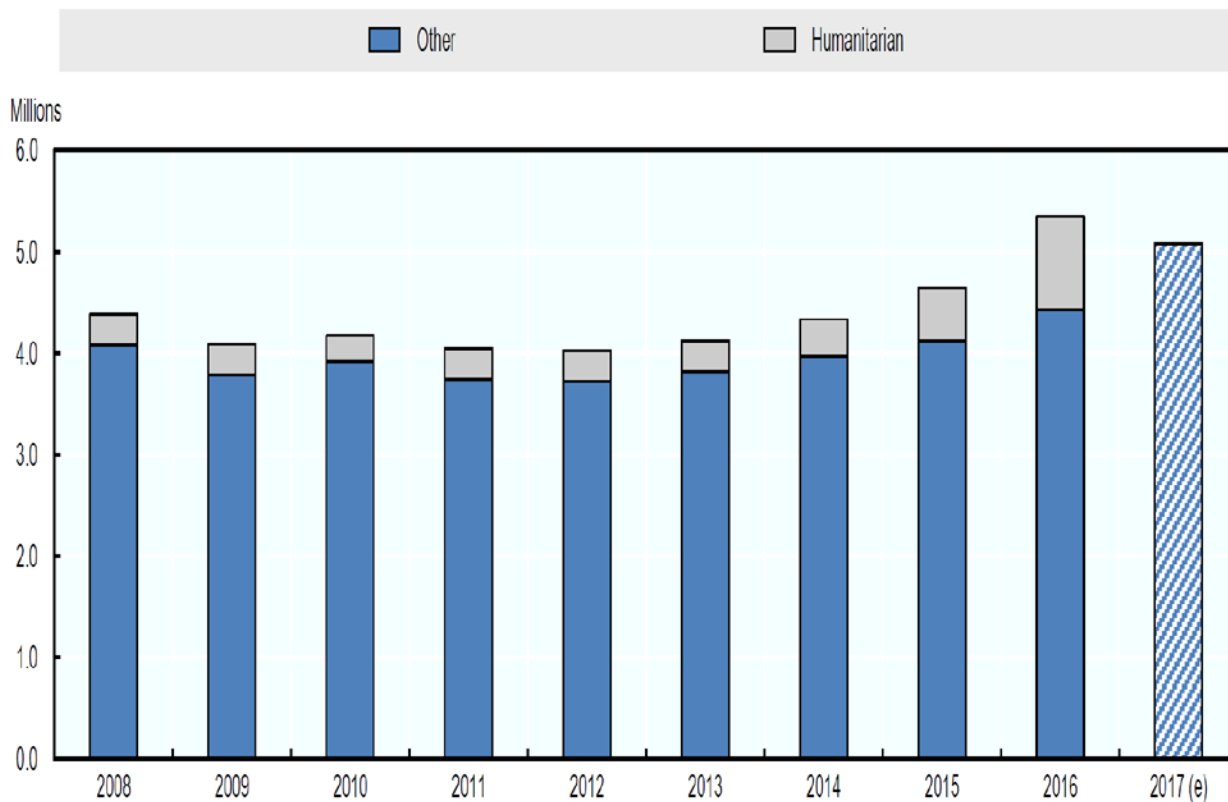
**WEDNESDAY, 10 OCTOBER 2018 - WTO**

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# *Small decrease in permanent migration in 2017 but a higher level than in 2007/08*

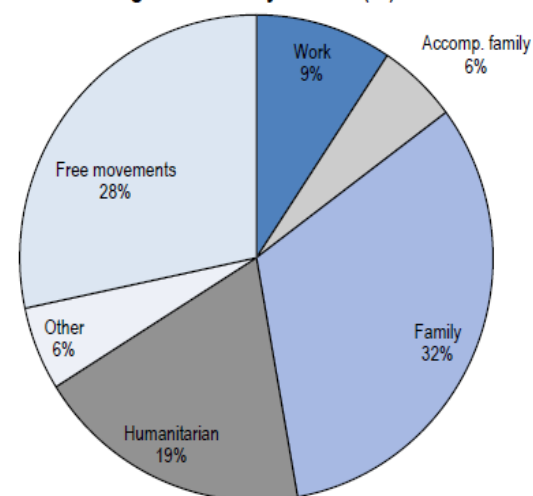
Evolution of permanent migration inflows to OECD countries



Source: International Migration Outlook, (OECD, 2018)








Categories of entry in 2016 (%)





# *All categories of temporary migration are increasing except intra-company transferees*

## *Temporary labour migration flows, 2016*

	Thousands (2016)	Evolution % (2015-2016)	No countries included
Seasonal workers	685	 +30	13
Intra-company transferees	153	 -2	11
Posted workers(intra-EU/EFTA)	1537	 +8	25
Trainees	140	 +7	12
Working holiday makers	477	 +1	15

Source: International Migration Outlook (OECD, 2018)



# *A journey in the brain of a policy maker*

*(from interior/labour ministries)*



- Adverse effects on the labour market
- Illegal employment of foreign workers



- Who to admit ?
- Who is in charge of the selection ?
- How many migrants workers to let in ?
- For how long?





# *Unpacking the policy tool box*

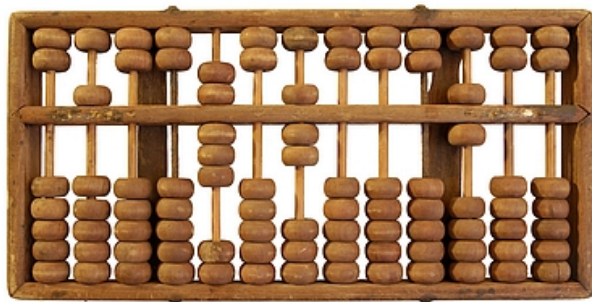
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Skills assessment and  
recognition



Selection process and conditions



Numerical limits  
(national, regional, firm)



Duration of stay / renewability /  
mobility between employers & sectors



## *Protecting labour markets from TFW ... but with numerous exemptions (ICT, HS, self employed)*

	<b>Job offer</b>	<b>Skill threshold</b>	<b>LMT</b>	<b>SOL</b>	<b>Num Limit</b>
<b>Sweden</b>	Yes	No	Nominal	Yes	No
<b>Spain</b>	Yes	No	Yes	Yes	No
<b>Portugal</b>	Yes	No	Yes	No	Yes, but
<b>Hungary</b>	Yes	No	Yes	No	Yes, but
<b>Finland</b>	Yes	No	Yes	Yes	No
<b>Poland</b>	Yes	No	Yes	No	No
<b>Greece</b>	Yes	No	Yes	No	Yes
<b>Italy</b>	Yes	No	Yes	No	Yes
<b>France</b>	Yes	Yes	Yes	Yes	No
<b>Germany</b>	Yes	Yes	Yes	Yes	No
<b>Belgium</b>	Yes	Yes	No	No	No
<b>Netherlands</b>	Yes	Yes	Yes	No	No
<b>Estonia</b>	Yes	No	No	No	Yes
<b>Czech Rep</b>	Yes	Yes	Yes	Yes	No
<b>Austria</b>	Yes	Yes	Yes	Yes	No
<b>Denmark</b>	Yes	No	Yes	Yes	No
<b>United Kingdom</b>	Yes	Yes	Yes	Yes	Yes
<b>Ireland</b>	Yes	Yes	Yes	Yes	No
<b>Australia</b>	Yes	Yes	Yes	Yes	No, but
<b>Canada</b>	Yes	Yes	Yes	Yes	No, but
<b>USA</b>	Yes	Yes, but	Yes	No	Yes, but

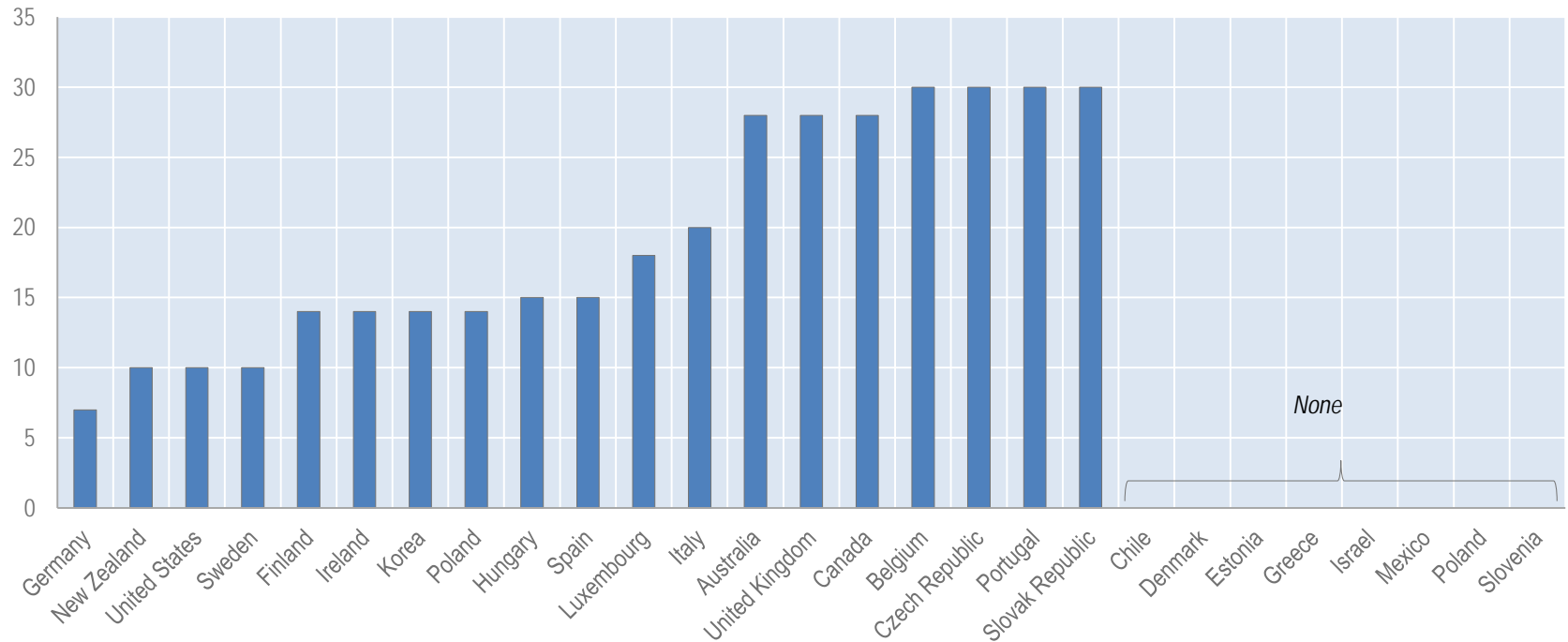


# LABOUR MARKET TESTS



## Labour Market Tests: *duration*

Duration of the labour market test for various types of labour migration permits, 2018





# *Labour Market Tests : who is exempted?*

## *Trusted employers*

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- Does the employer have a good **compliance** record?
- Is there a high **share** of foreign workers?
- Have steps been taken to **recruit** or to **train** available workers?
- Possible approval for **multiple** positions, over a period of time





# Labour Market Tests : who is exempted ?

## Shortage Occupation Lists

Shortage lists are 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

Country	Shortage Occupation List	Labour market tests
Australia	✓	✓
Austria	✓	✓
Belgium	✓	
Canada	✓	✓
Chile		
Czech Republic		✓
Denmark	✓	
Estonia		
Finland	✓	✓
France	✓	✓
Germany	✓	✓
Greece	✓	✓
Ireland	✓	✓
Israel		
Italy		
Japan		
Korea		✓
Luxembourg		✓
Mexico		
Netherlands	✓	✓
New Zealand	✓	✓
Norway		✓
Poland		✓
Portugal	✓	✓
Spain	✓	✓
Sweden		✓
Switzerland		✓
Turkey		✓
United Kingdom	✓	✓
United States	✓	✓



# Labour Market Tests : how is it built ?

## UK : Skilled, Shortage and Sensible

### UK shortage indicators (revised in 2017)

Indicator	Data source	Rationale
<b>Price based indicators</b>		
<b>P1:</b> Percentage change of median real pay (1 year)	ASHE	In the case of a labour shortage, market pressure should increase wages, helping to raise supply and reduce demand, thus restoring labour market equilibrium. On this basis, rising wages within an occupation may then be an indication of shortage. The measure of percentage change in median pay is taken over 1 year and 3 years in order to moderate the impact of year-to-year fluctuations.
<b>P2:</b> Percentage change of median real pay (3 years)	ASHE	The third price-based indicator is a measure of the relative premium to working in a certain occupation for an individual with the appropriate qualification, after controlling for characteristics such as age and region. The MAC expect that the higher the observed relative premium to an occupation, the more likely there is to be a shortage in that occupation. This is because if there were a shortage of skilled labour we would expect some firms to pay more to obtain skilled employees in certain occupations.
<b>P3:</b> Return to occupation	LFS	
<b>Employer based indicators</b>		
<b>E1:</b> Vacancies / Employment:	ESS	Employer-based indicators are derived from surveys that ask employers direct questions about their businesses. High vacancy levels, or rising vacancy rates, may suggest that employers are finding it hard to fill jobs.  This new indicator, measures the difficulty to recruit based on an employer survey as a proportion of the total employment in that occupation

<b>Volume based indicators</b>		
<b>V1:</b> Percentage change of claimant count (1 year)	NOMIS	Low or falling unemployment among people previously employed in, or seeking work in, an occupation may indicate shortage. Rising employment may indicate rising demand, which may exist alongside labour shortage.
<b>V2:</b> Percentage change of employment level (1 year)	LFS	The MAC considered the use of several possible volume-based indicators and assessed the data available to measure them. Examples of possible employers' responses include: increasing overtime, increasing hours worked, increasing subcontracting, recruiting staff at a lower-level standard, retaining existing staff, altering production methods to reduce the need for the skill in short supply, and increasing the level of training.
<b>V3:</b> Percentage change of median paid hours worked (3 years)	ASHE	
<b>V4:</b> Change in new hires (1 year)	LFS	The MAC decided that the most appropriate indicators to consider, given the available data at the 4-digit SOC level, were changes in employment, unemployment, hours worked, and the proportion of new hires coming into an occupation.
<b>Other indicators of imbalance</b>		
<b>I2:</b> Vacancy postings / Unemployment by sought occupation	Burning Glass and NOMIS	Indicators of imbalance focus directly on the vacancy levels within an occupation. A high vacancy/unemployment ratio within an occupation suggests that employers are having particular difficulty filling vacancies given the supply of workers available while the absolute change in the median time that vacancies are advertised indicates that these issues have been pervasive over a substantial period of time.

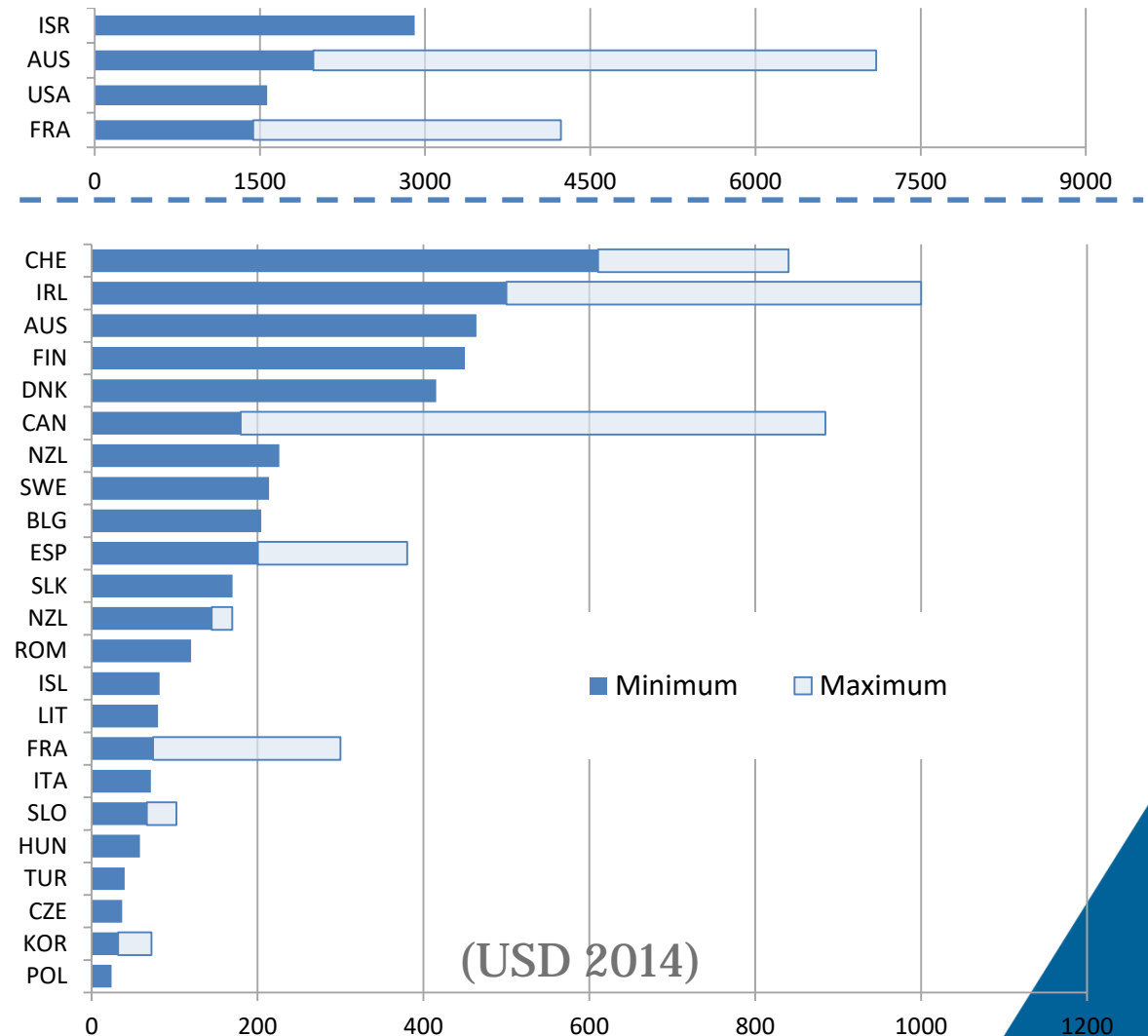


# EMPLOYER COSTS



## *Initial permit issuance costs ... but these are not used as management tools*

- Initial permit costs vary significantly according to the country but also within countries according to the permit category.
- They cover different duration and vary for initial permits and renewals
- They are rarely prohibitive





# *Levies and other additional employer costs*

## Continuous tariffs on employment of foreign workers

- widely used in Asian non-OECD economies (Malaysia, Chinese Taipei, Singapore)
- but less so in OECD (Israel) [formerly in EST]



- **Raise the cost** of hiring foreign workers to make them less competitive relative to resident workers
- **Revenue stream** for the government, with the possibility to reinvest in training or in programme management
- **Politically attractive**
- Allow for targeted intervention (e.g., “dependent” employers)

- Deny **worker** the wage benefit of the higher employer cost
- **Employers** hate levies and contest them bitterly in politics and media
- **Difficult to set** precisely by sector, occupation, cycle, etc.
- **Risk** that employers extract levies from workers by through illegal means (overtime, wages, hiring fees)
- **Dependence** on the revenue stream



# NUMERICAL LIMITS



## *Numerical limits (caps, quotas...)*

- Numerical limits can be set overall, or by sector, occupation, nationality, programme, etc.
  - Examples by programme: AUT, ITA, ESP, USA etc.
  - Examples by employer : KSA, ISR, IRL, USA, CAN, TUR



- **Simple**, blunt instrument and safeguard
- **Politically attractive**, communicate control

- **Difficult to set**
- **Powerful** intervention of interests in setting limits
- Difficult to **prioritise** within the limits (first-come, sector, salary, etc.)





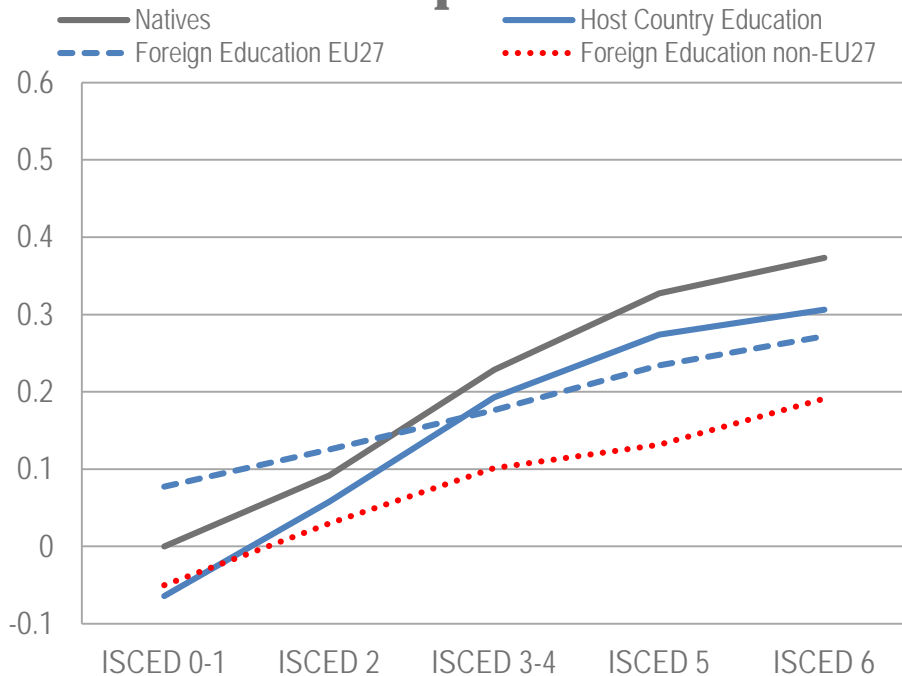
# RECOGNITION OF FOREIGN QUALIFICATIONS



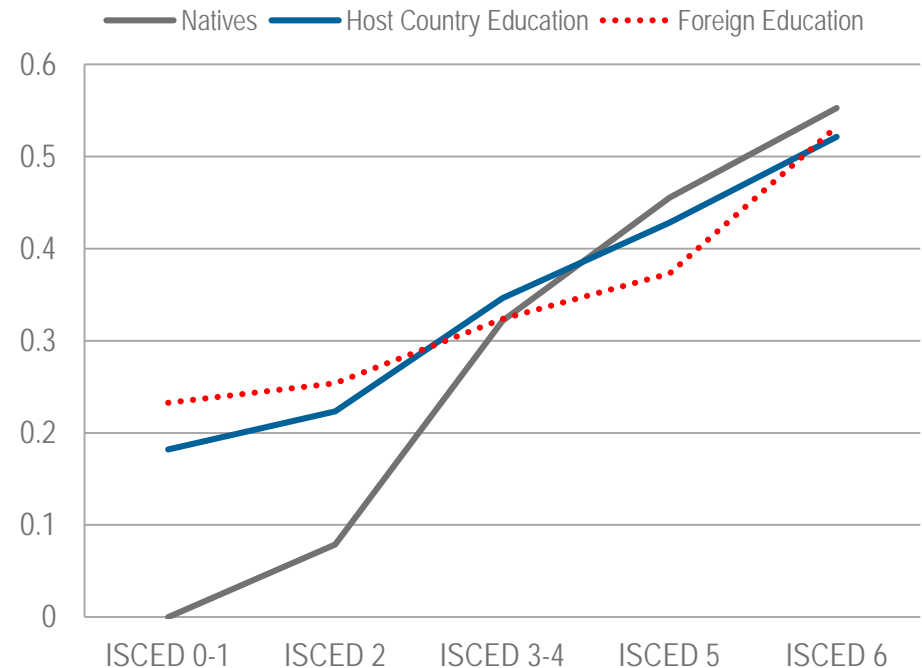
# Making the most of migrants' skills

Employment premium associated to education by place of training (controlling for age and gender)

## Europe



## United States



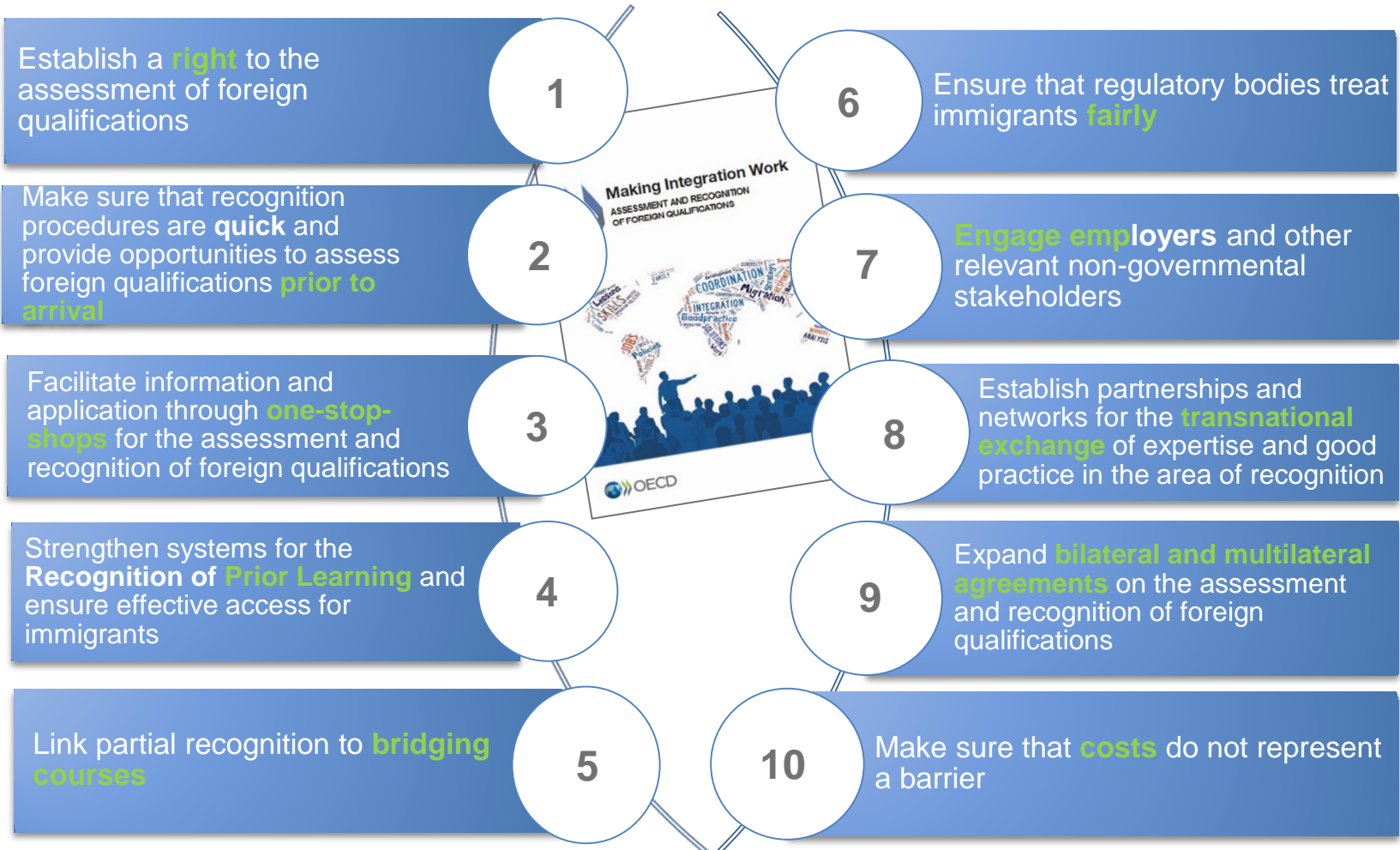
One in two tertiary educated immigrant (15-64) in the OECD is ever **inactive, unemployed or overqualified** in the his/her job



Skills assessment, development and recognition should be better integrate into the migration process



# Key lessons on the assessment and recognition of foreign qualifications from OECD countries



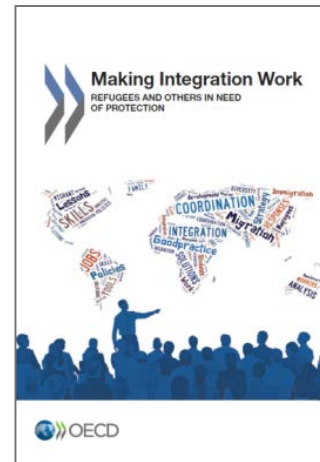


# Thank you for your attention

For further information:

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**Matching Economic Migration with Labour Market Needs**



**Talent Abroad: A Review of German Emigrants**

