

The Contribution of Migration to Regional Development

POLICY HIGHLIGHTS

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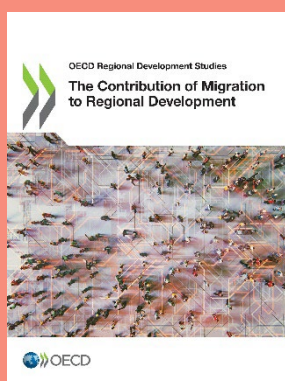
About the OECD Centre for Entrepreneurship, SMEs, Regions and Cities

The Centre helps local, regional and national governments unleash the potential of entrepreneurs and small and medium-sized enterprises, promote inclusive and sustainable regions and cities, boost local job creation and implement sound tourism policies.

About this policy highlights

This booklet reproduces highlights from the report *The Contribution of Migration to Regional Development*, which provides new insights and novel data on the subnational geography of migration in OECD countries, the regional labour market integration of migrants, the contribution of migrants as key workers in cities and regions during the pandemic, and the effects of migration on regional economic development. This report falls within the Programme of Work of the OECD's Regional Development Policy Committee.

The full book is accessible at



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Where do migrants in OECD countries live?

A subnational perspective offers a more nuanced view of migration

Most OECD regions are ageing and have a shrinking working-age population. Migration can counter those trends. In 2019, 5 million new permanent migrants settled in OECD countries, an increase of around a quarter since 2010. New migrants come in many forms. They include highly qualified foreign doctors, nurses and scientists. They also include individuals that work in low-skilled but important jobs. Effective migration policy requires a good understanding of where migrants live, where migration is increasing and what background migrants have.

Eight out of every ten migrants live in metropolitan regions in OECD countries.

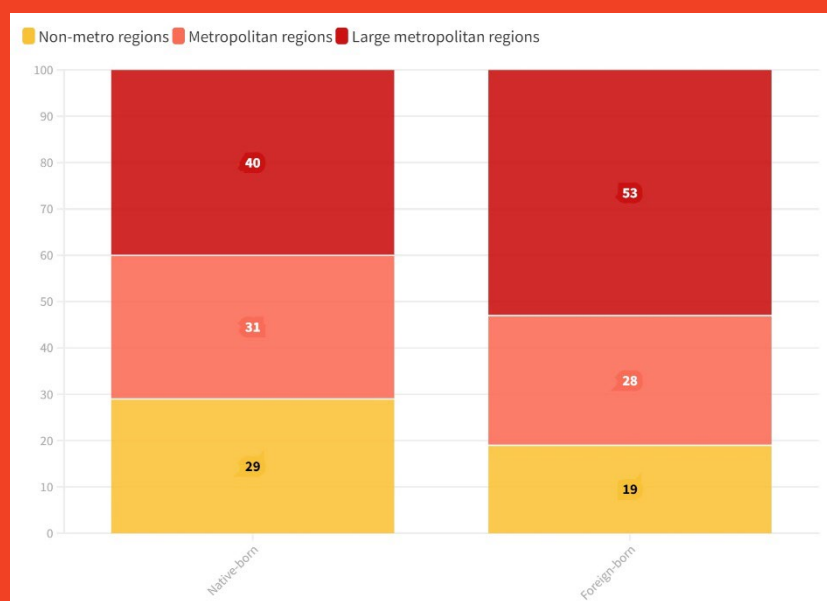
Within OECD countries, challenges and opportunities of migration differ. Compared to the native-born population, migrants concentrate more in large and densely populated places. More than 80% of all migrants live in metropolitan regions, that is regions that include a metropolitan area of more than 250 000 inhabitants.

MOST MIGRANTS LIVE IN METROPOLITAN REGIONS

Migrants are strongly concentrated in specific regions and areas within OECD. The new OECD Municipal Migration Database (MMD) makes it possible to examine where migrants live or where migration is increasing. In the OECD, the concentration of migrants in metropolitan regions, i.e. regions with a metropolitan area above 250,000 inhabitants, is much higher than for the native-born population. This geographic concentration is even more pronounced in large metropolitan regions – i.e. regions with a metropolitan area above 1.5 million inhabitants – where more than half (53 percent) of all migrants live.



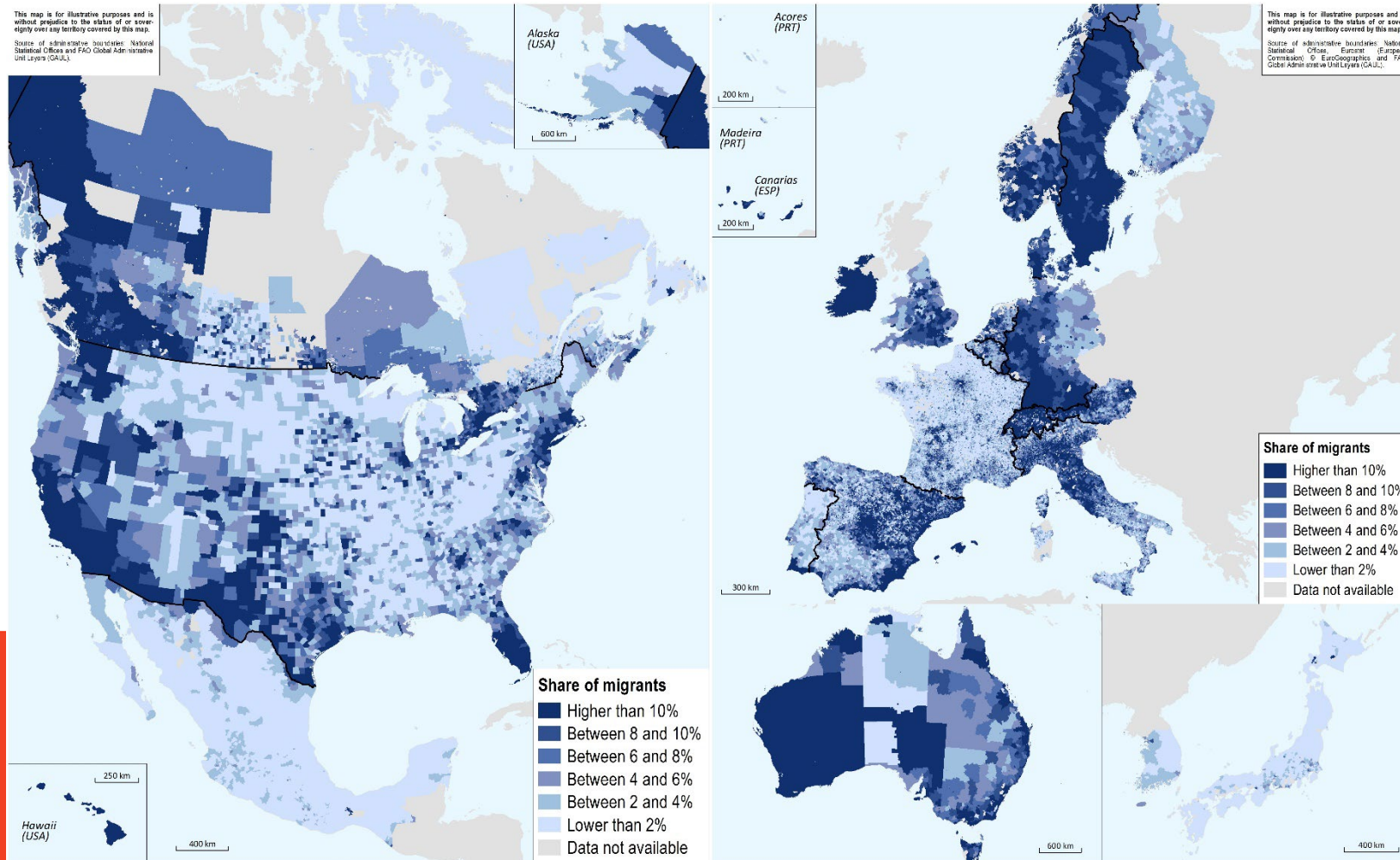
Distribution of the foreign- and native-born population by type of region (TL3)



A closer look at granular data in OECD countries shows that national or sometimes even regional averages hide large differences across communities in terms of migration (see maps below). For example, in the North Holland region of the Netherlands the population share of migrants is 19%. However, within that region it ranges from 5% in Koggenland to 34% in Amsterdam.



Geographic detail matters – zooming in on migration



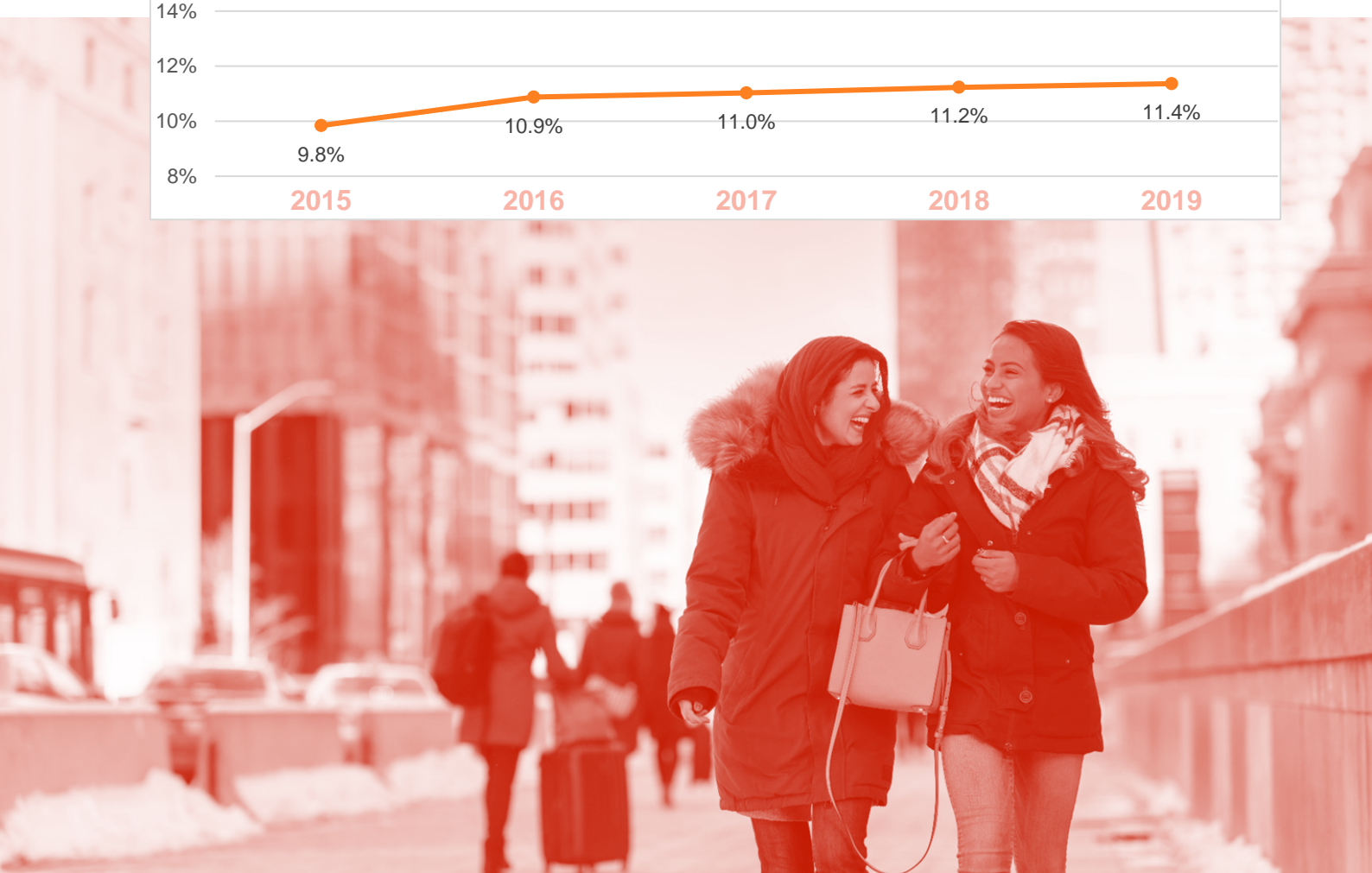
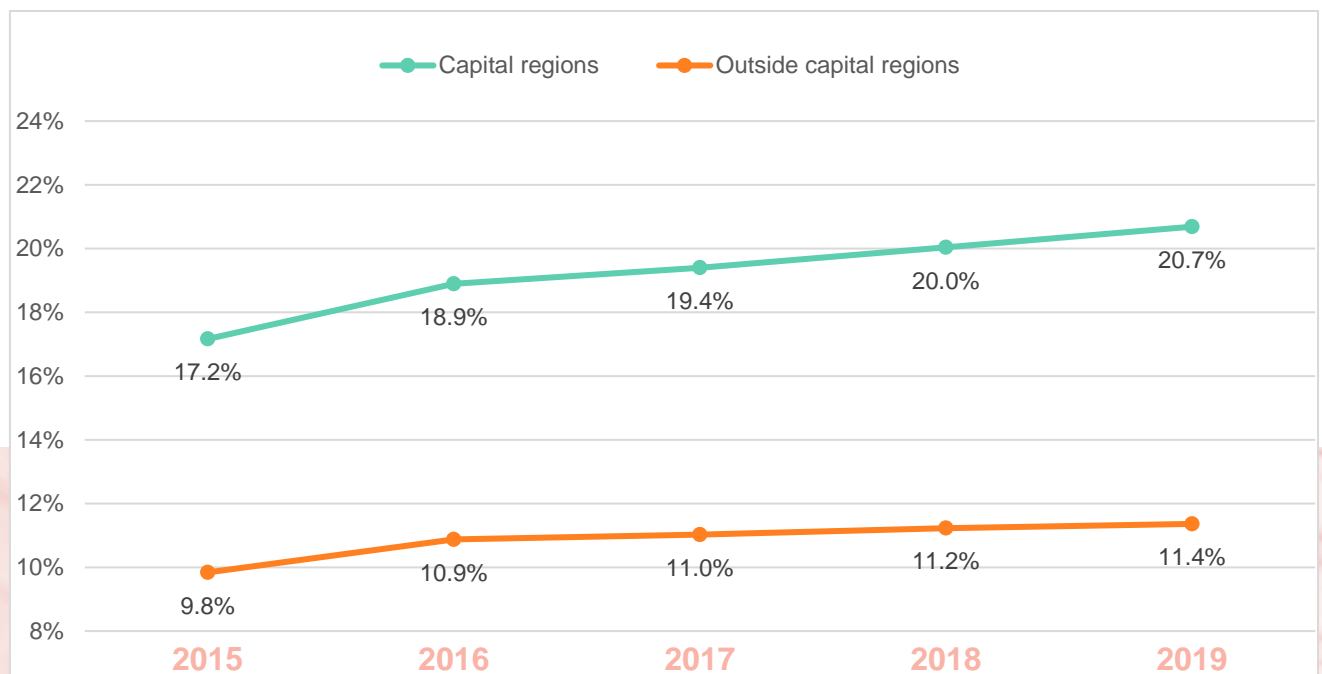
Capitals are more attractive to migrants

While the population share of migrants has increased continuously since 2015 in OECD countries, it increased faster in some places. Capitals attract migrants faster than other regions. Migration also increased faster in regions with strong labour markets.

Between 2015 and 2019, the share of migrants in OECD capitals rose by 3.5 percentage points. Outside of capitals, it only increased by 1.4 percentage points. As a result, the migrant share in OECD capitals is now almost twice as high as in the rest of the country.

Capitals attract many migrants. The foreign-born population share in OECD countries' capitals is almost twice as high as in the rest of the country. It has also grown faster, rising by 3.5 percentage points between 2015 and 2019.

» Migrant population share in OECD capital regions



Novel data on migration

Effective migration policy requires subnational data on migrants. *The Contribution of Migration to Regional Development* presents two new data sets constructed by the OECD that offer such information for regions and municipalities.

NEW DATA AND EVIDENCE ON MIGRATION AND REGIONAL DEVELOPMENT

The new OECD Municipal Migration Database (MMD)

For most countries, the database covers the period 2010 to 2020. It provides information on the country of origin, age and sex of the population in municipalities. The database contains statistics on local areas' resident population. The main data sources are countries' population surveys, complemented by census data for countries without continuous population surveys. The OECD Municipal Migration Database (MMD) contains novel and unprecedentedly granular information on migrants and their population share in municipalities (or census tracts) in 22 OECD countries (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the UK, and the USA).

OECD Regional Database on Migration

The OECD Regional Database on Migration provides regional data on migrants, their demographic background, employment outcomes and educational attainment. This gives policymakers consistent information to compare migrant integration in regions across 36 OECD countries, with annual data over around 20 years

Despite recent progress, some factors hold back migrants in regional labour markets

Labour market outcomes of migrants have improved in recent years, with employment growing faster than for the native-born population. One-third of OECD regions have reported a rise in the employment rates of migrants of more than 5 percentage points since 2015. Another third reported increases of between 2 and 5 percentage points. Despite this progress, migrants' employment rate still remains below that of natives, especially in European regions. While male employment rates are roughly identical between natives and migrants, this difference is driven by lower female employment rates among migrants.

The gap in employment between migrants and natives varies widely across regions. For example, it exceeds 15 percentage points in various regions in Eastern Germany but is almost non-existent in Southern Germany. In the U.K., the gap reaches 5 to 10 percentage points in the West Midlands and Yorkshire and Humber while migrants record higher employment rates than the native-born in the south of the country.

EU migrants fare better in the labour market than other migrants in most regions

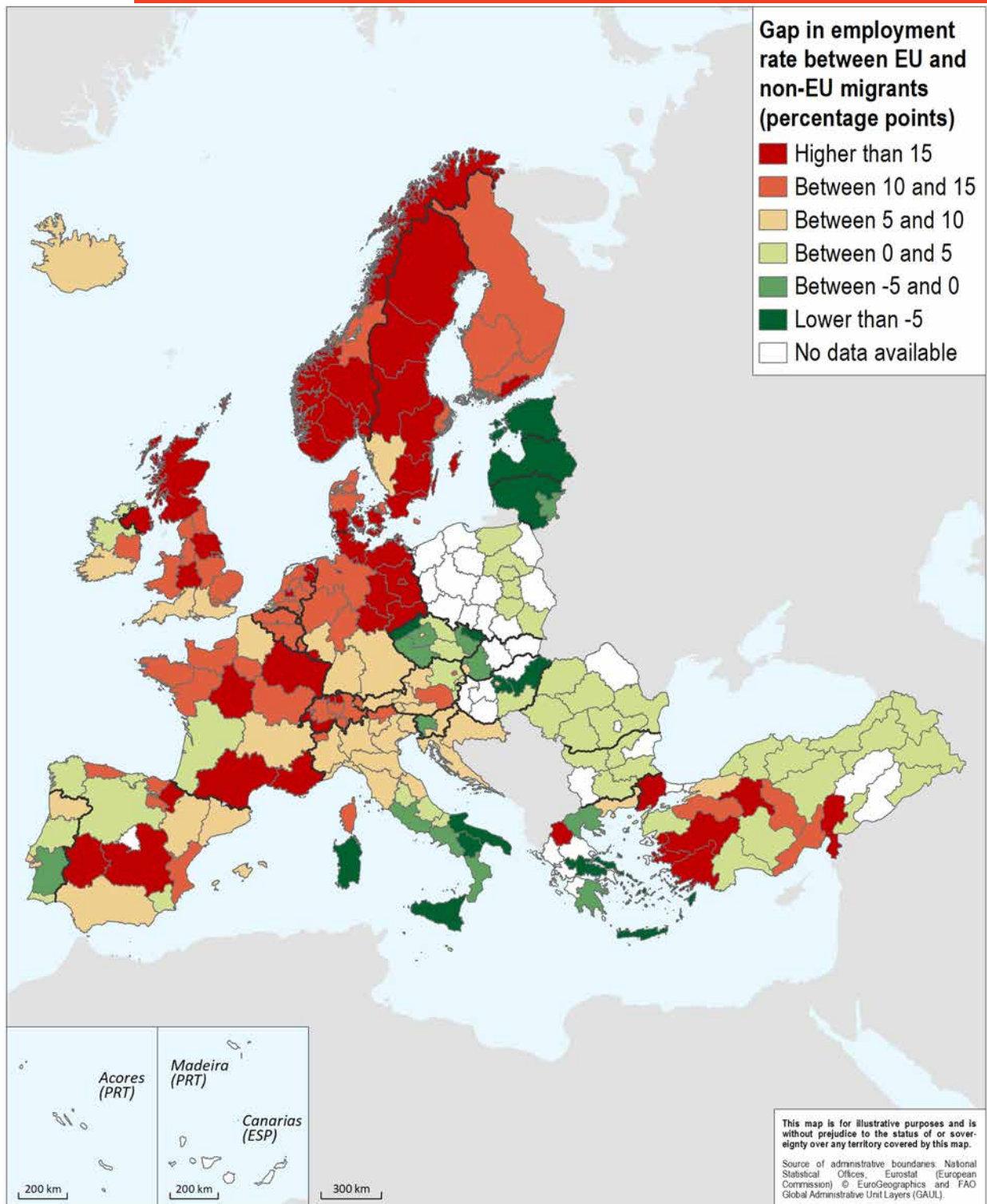
Some migrants fare better than others in the labour market. In many European regions, EU migrants outperform the native-born. By comparison, non-EU migrants significantly lag behind EU migrants in labour market outcomes almost everywhere, with the exception of Eastern European regions, some regions in Southern Italy and Alentejo in Portugal. Their average employment rate is more than 10 percentage points lower than that of EU migrants and their unemployment rate is almost 6 percentage points higher.

MIGRANT KEY WORKERS IN CITIES AND REGIONS

Migrants play an important role in essential services in cities and regions. They account for 14% of key workers in those sectors across European regions. In capital regions, migrants even make up more than 20% of key workers.

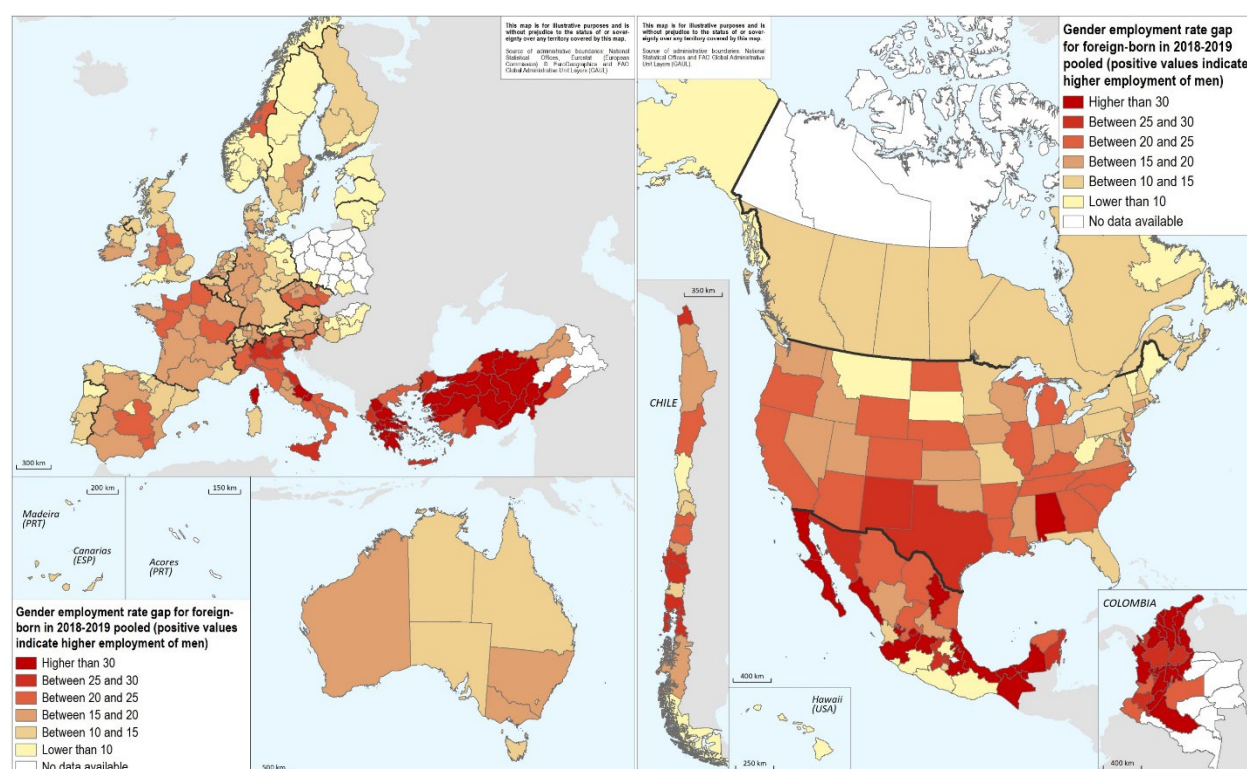
While migrant key workers fill many jobs in low-skilled occupations such as domestic workers, hotel and office cleaners, they are also crucial for the health care system, especially in cities. Almost a quarter of medical doctors and a fifth of nurses in cities are migrants.





Female employment remains significantly lower for migrants than non-migrants

Gender gaps are a major obstacle for the integration of migrants across OECD regions. While the employment rate of male migrants and natives is similar in most regions, differences for women are substantial. In 2019, the employment rate for female migrants was only 57% in OECD regions, compared to 74% for male migrants. Regions in the south of the US, Northern Italy or Northern France record very large gender gaps in the labour market among migrants. Overall, the gender gap in employment for migrants (17-percentage points) is almost twice as high as for the native-born population (9 percentage points).



MANY REGIONS DO NOT FULLY USE THE QUALIFICATIONS AND SKILLS OF MIGRANTS

In the OECD, the share of migrants (40%) with completed tertiary education surpassed the share of natives (35%) in 2019. Despite increasingly high levels of qualification and skills, migrants still face challenges in the labour market. They often struggle to find jobs that match their level of qualification. In Europe, non-EU migrants often have significantly lower levels of education than EU migrants or native-born. Effective regional development policies need to address these challenges by both encouraging additional learning and training opportunities among non-EU migrants and ensuring a better recognition of foreign qualifications and professional skills. This becomes even more pressing as migrants, especially non-EU migrants, are more concentrated in jobs facing a high risk of automation.



Migration contributes to regional income, trade and innovation



Many regions benefit from migration as a vital source of labour supply. Moreover, migration also supports other dimensions of economic development. In Europe, migration has contributed to regional economic convergence. Regions that experienced an increase in the share of migrants recorded a larger rise in income per capita. The biggest gains in income per capita from migration occurred in poorer regions, allowing them to close income gaps with other regions in their country.

Poorer regions that experienced a larger rise in the share of migrants reported greater increases in per capita income.

Migration expands trade connections of regions



Migrants can help their host regions establish new trade networks, contributing to higher regional exports and imports. Trade with destinations outside the European Union benefits the most from migration. Furthermore, regions with highly educated migrants saw greater increases in their exports. By raising regions' international trade, migration can enhance international competitiveness.

Not all regions and people benefit equally from migration

While migration can generate valuable benefits for regional economic development, those benefits are not always shared equally across space and different people:

i	Some poorer regions struggle to integrate migrants economically;
ii	Regions with more highly educated migrants record larger increases in international trade than regions with lower educated migrants;
iii	More developed regions appear to benefit the most from migration with respect to innovation.

MIGRANTS BOOST PATENTING IN AREAS THAT ARE ALREADY INNOVATIVE

Migrants contribute to innovation by bringing new ideas to their host regions and generating synergies. Analysis based on detailed information on patents and the share of migrants in municipalities shows that local areas that experienced an increase in migration report a rise in patenting activity, which fosters local innovation.

However, these positive effects are limited to already innovative areas with high patenting levels, mainly located in large cities.

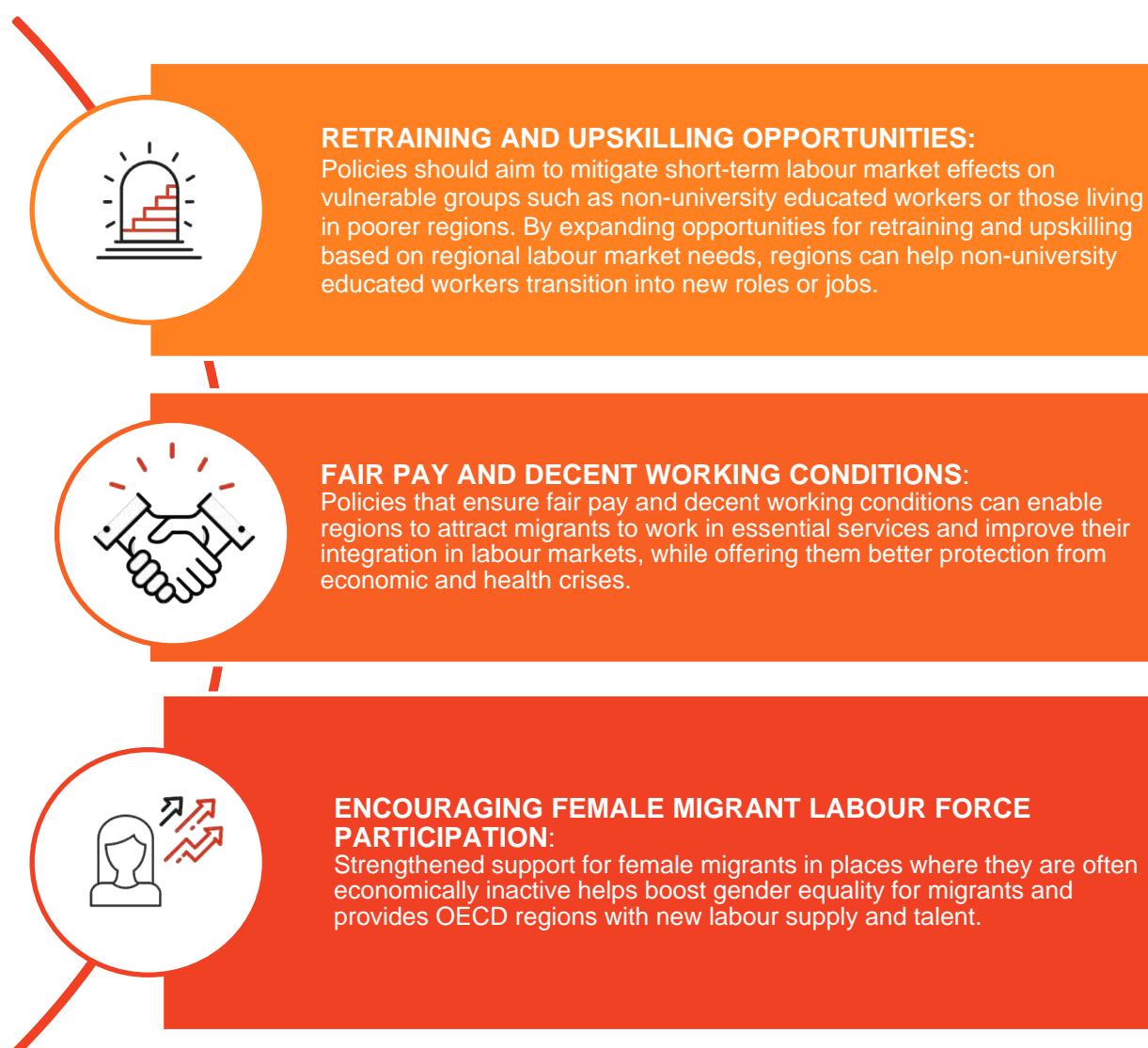


Migration may also increase competition with native born workers in regional labour markets. Between 2010 and 2019, analysis suggests that short-term growth in natives' employment rates slowed in European regions with larger increases in the labour force due to migration, mainly affecting lower-educated workers and lower-income regions. In contrast, regions with higher levels of GDP per capita managed to integrate new workers faster, resulting in little or no effect on the native workers.

As labour markets adjust, the short-term effects, including for lower-educated workers in lower-income regions, disappear, with higher employment among highly educated native-born workers.

Targeted policies could help spread the benefits of migration for regional economies and well-being

A number of policies could help regions make the most of migration.

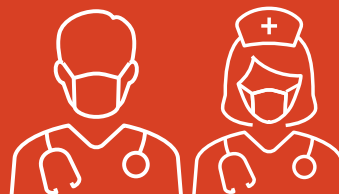


The Contribution of Migration to Regional Development

In 2020, **3.7 million** permanent migrants arrived in OECD countries



Migrants make up **14%** of key workers in European regions that were essential during the pandemic



23% of doctors and 14% of key workers are migrants.



Migration contributes to regional economic convergence



A 10% increase in the migrant population share is associated with 0.15 percent higher regional income per capita

80% of migrants live in metropolitan regions

this is over 250 000 inhabitants in the OECD



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