



Economic Impact of Migration in the South East

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Structure of presentation

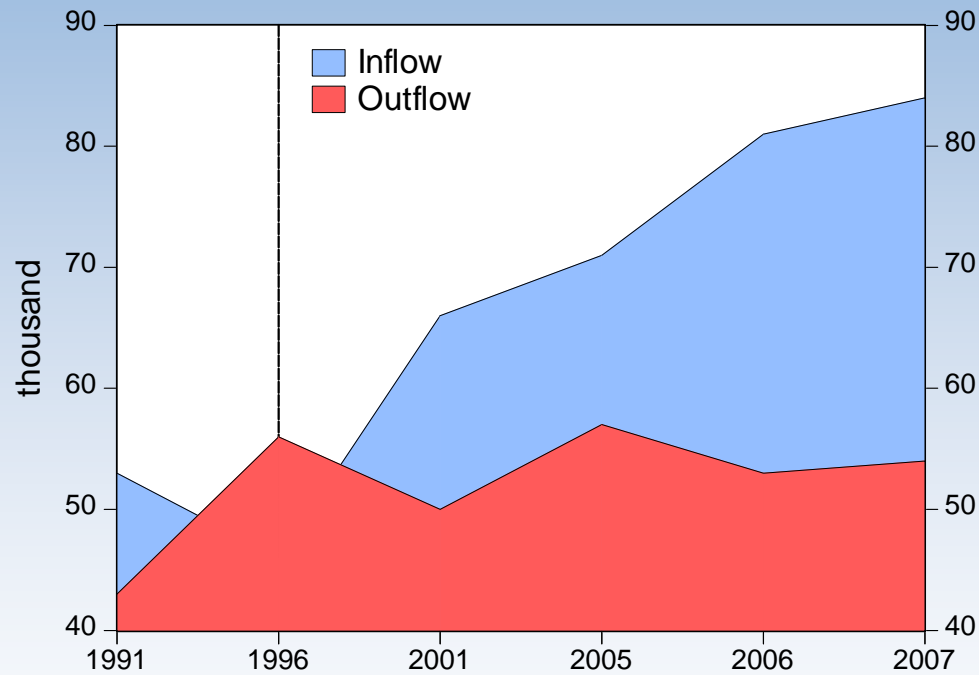
- Migration trends
- Contribution to economy
- Recession and its impact on the region
- Recession and its impact on migrant labour
- Outlook for the economy
- Migration outlook

Migration trends and key issues

- Immigration has been running at historically high levels in recent years
- Increase in short-term migration
- South East attracts the second largest number of economic migrants after London
 - Ports of entry
 - Job opportunities
- Flaws in data sources on migration
 - No single source provides a complete picture on migration
 - Very little information on those who leave the country
- Net inflow from other UK regions
 - Measurement issues

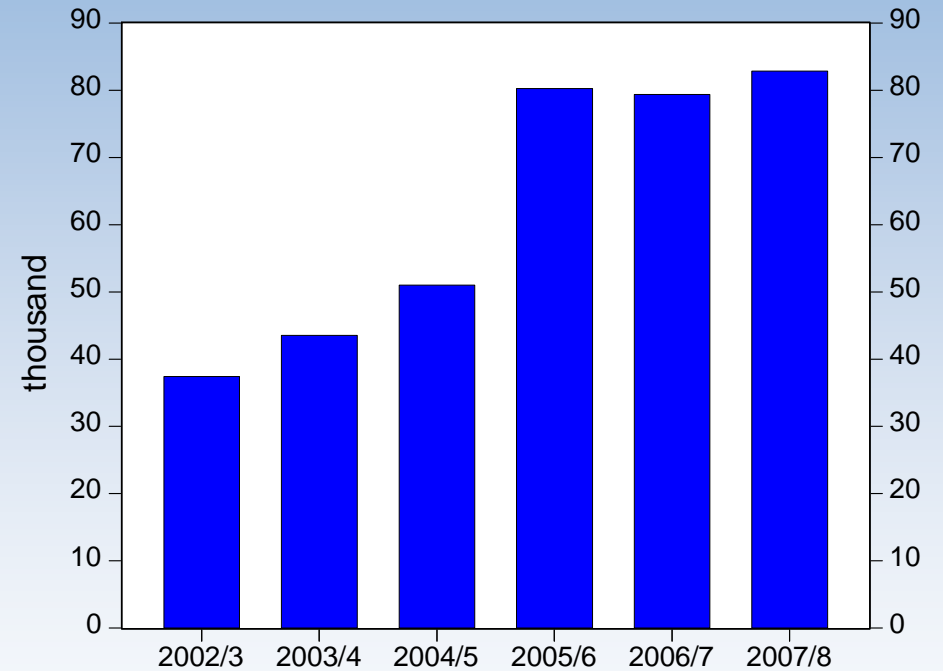
Significant increase in migrants from new member states

International Migration South East England



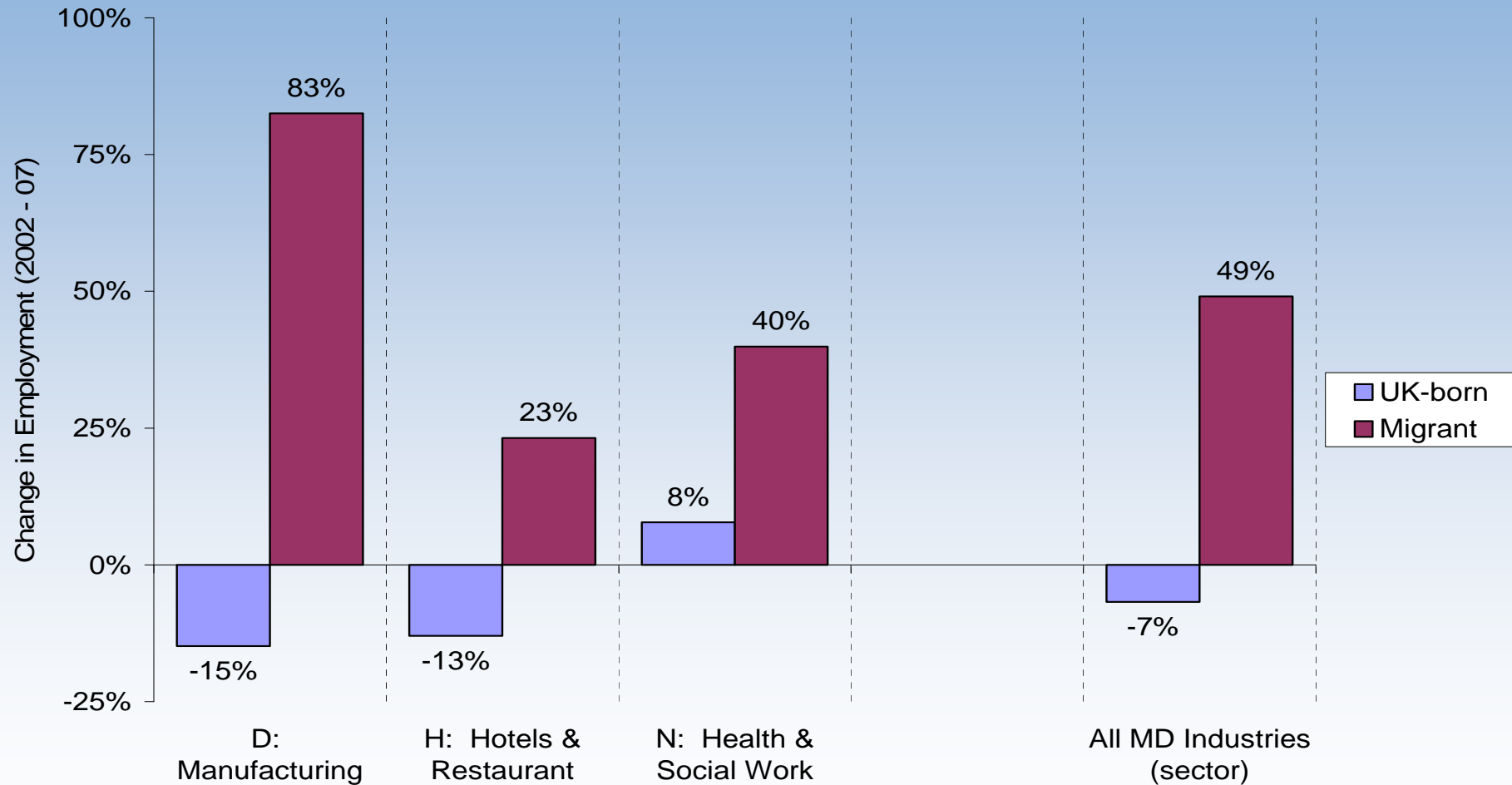
Source: ONS (IPS) 2010

NINo Registrations to Adult Overseas Nationals South East England

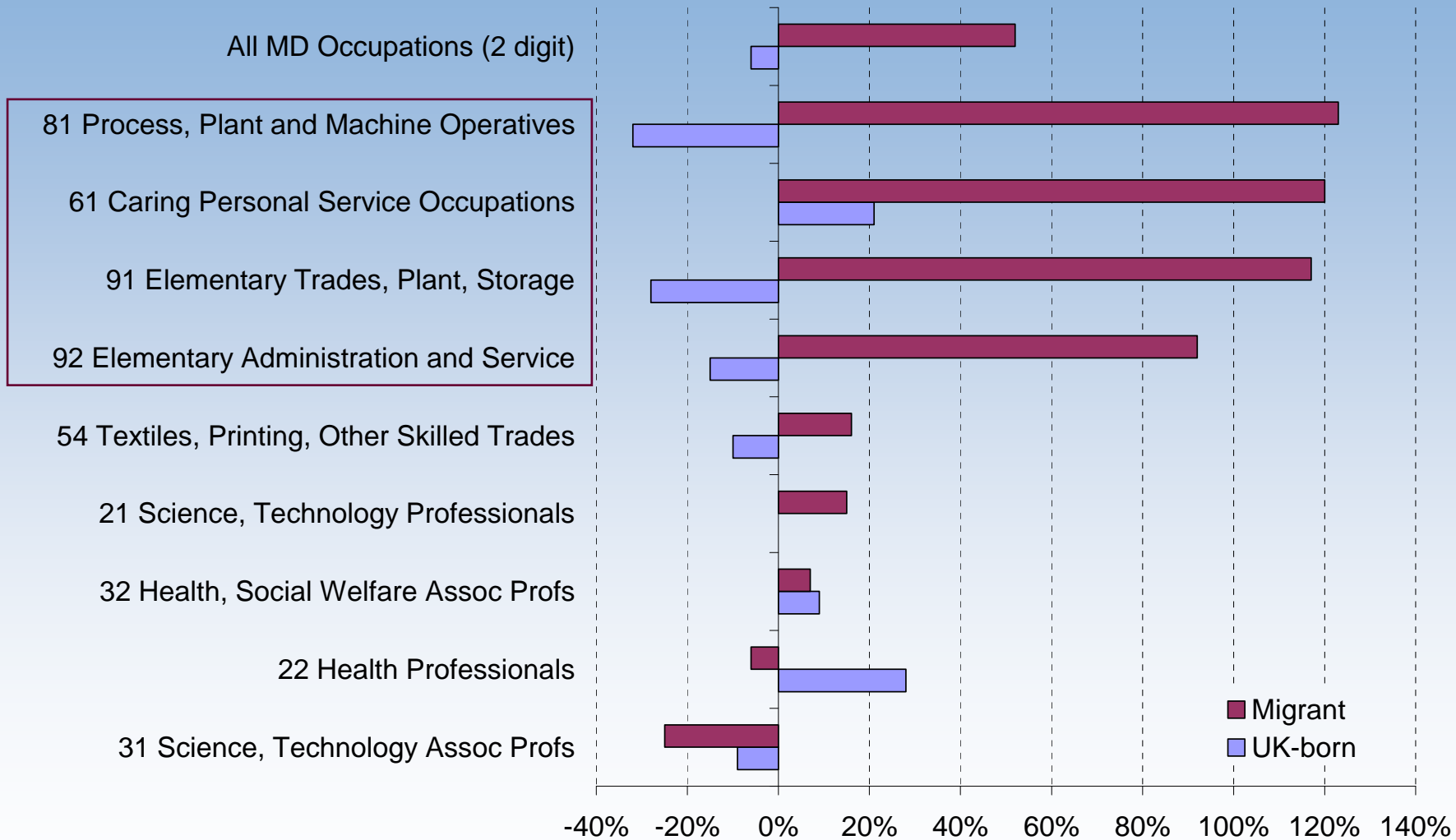


Source: ONS 2010

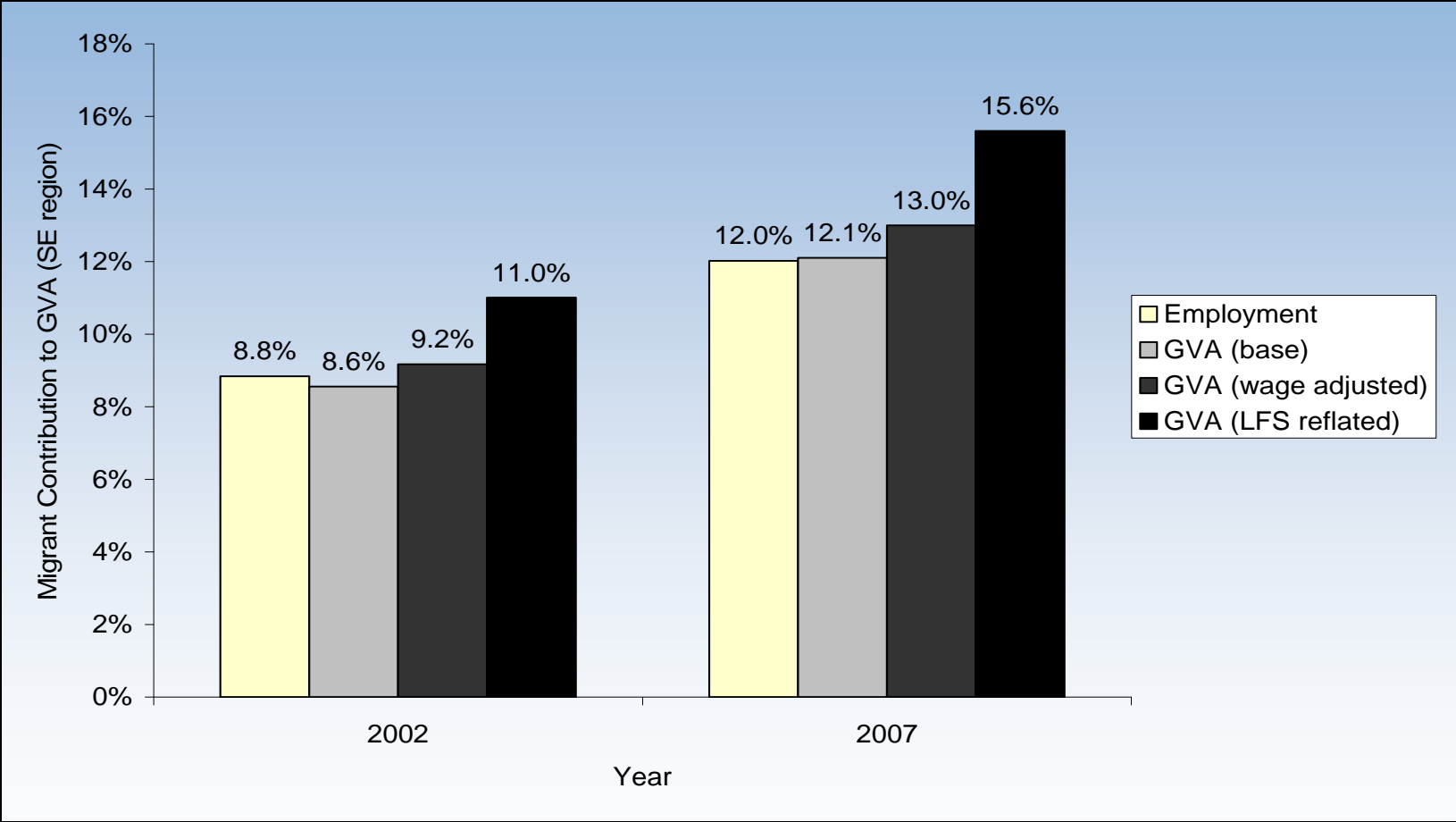
Growth in employment in 'migrant dense' sectors (2002-2007) – South East



Growth in employment in 'migrant dense' occupations (2002-2007) – South East



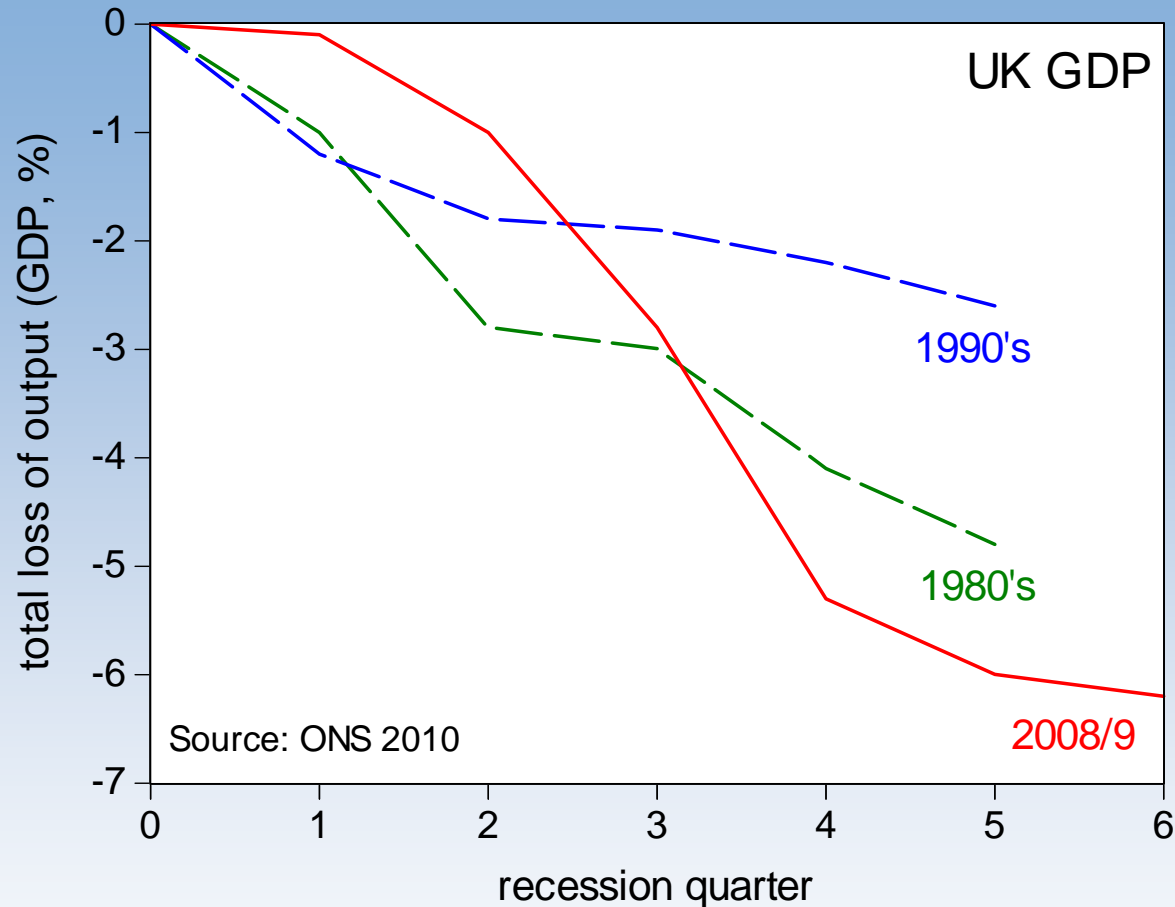
Economic Impact: Migrant contribution to Employment and GVA



Effects on employment and wages of UK born workers in the South East

- Migrant workers acting to fill labour and skills shortages.
- No clear evidence of ‘crowding out’ of UK born workers from migrant dense industries.
- No statistically significant evidence of increased unemployment amongst UK-born workers.
- No differential effect in migrant dense industries and occupations or local areas where numbers of new migrants have been highest.
- No statistically significant evidence of negative impact of migrants on earnings growth in migrant dense industries and occupations, but remains a mixed picture.

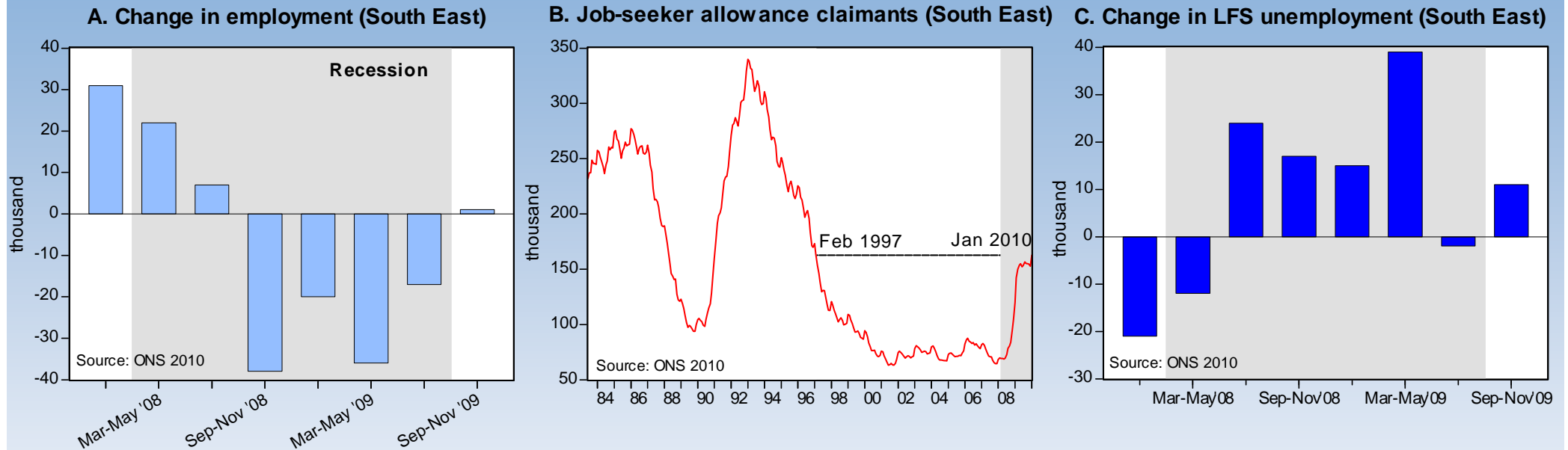
The longest and deepest post-war recession



- In 1980's output fell 4.8%. In 1990's it fell 2.6% and in 2008-09 it has fallen 6.2%.
- Six quarters of falling output but 2.5 years (10 quarters) of lost output growth.

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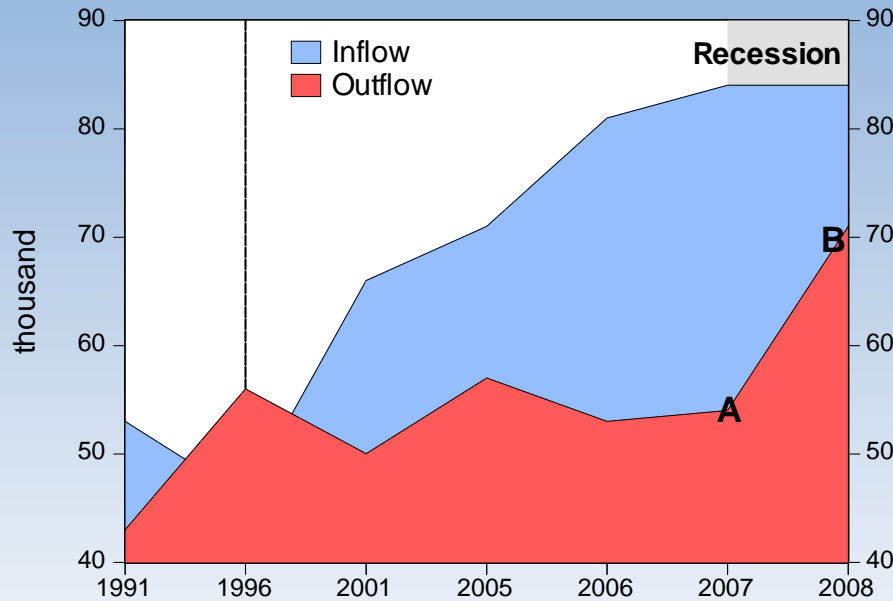
Has the labour market in the South East performed better than expected?



- Employment falls for four consecutive quarters and by 2.6 percentage points
- Unemployment – more resilient than in 1990's?
- Spare capacity in the economy – employment and unemployment not forecast to return to pre-recession levels before 2012 and 2013-14 respectively.

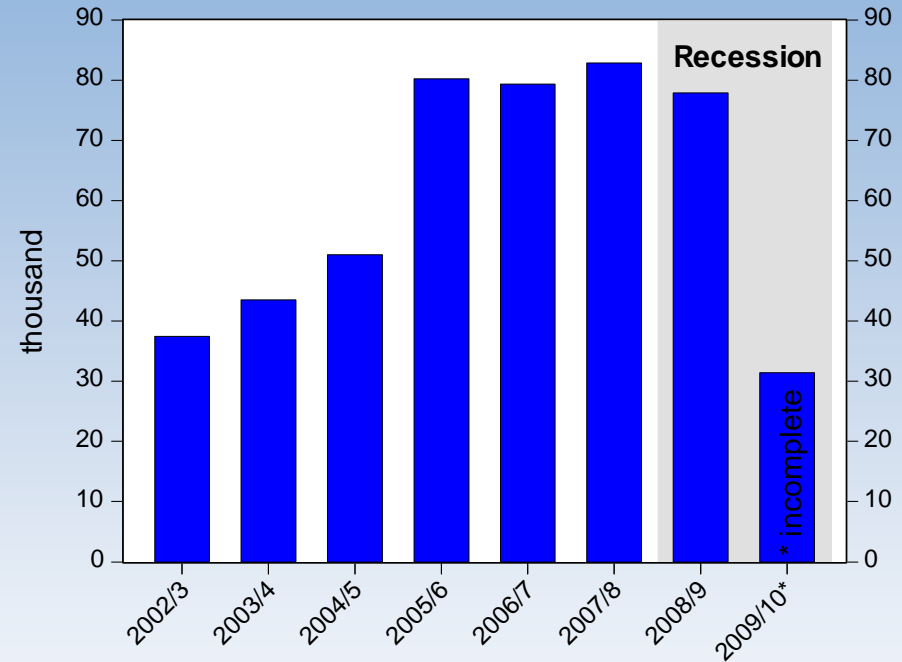
Recession impacts on migration in the region ...

International Migration
South East England



Source: ONS (IPS) 2010

NINo Registrations to Adult Overseas Nationals
South East England



Source: ONS 2010

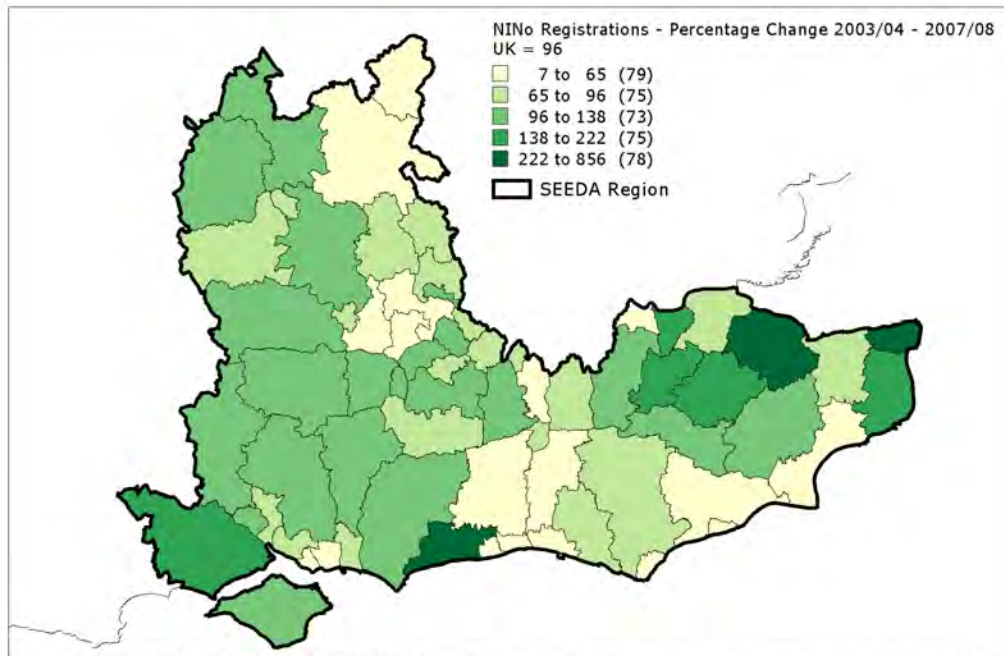
- Migration inflows level off but a sharp increase in migration outflows
- Decrease in NINo registrations

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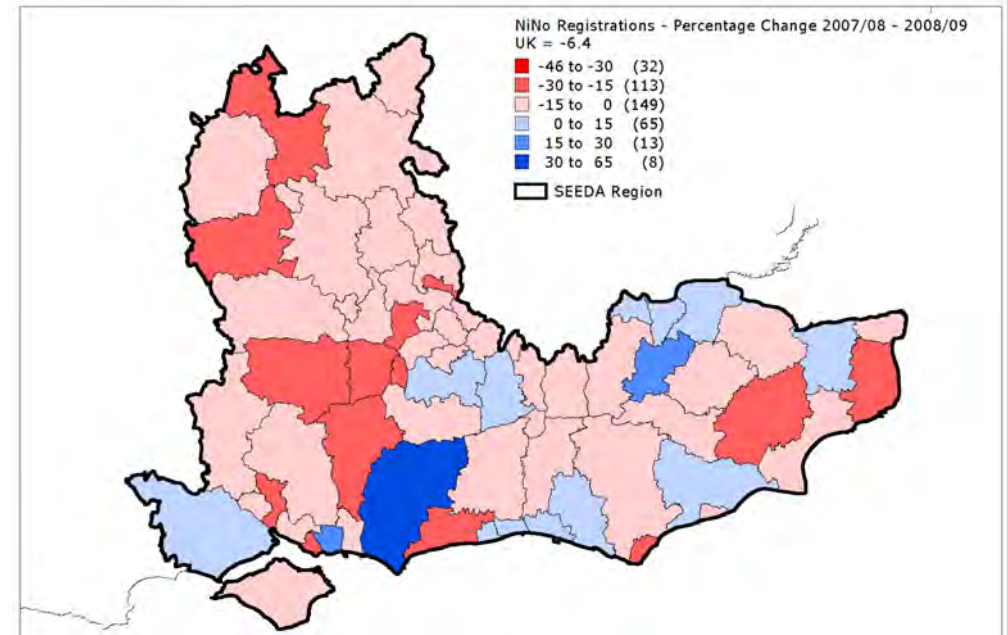
... and sub-regions

% change 2003/4-2007/8 (pre-recession)

% change 2007/8-2008/9 (recession)



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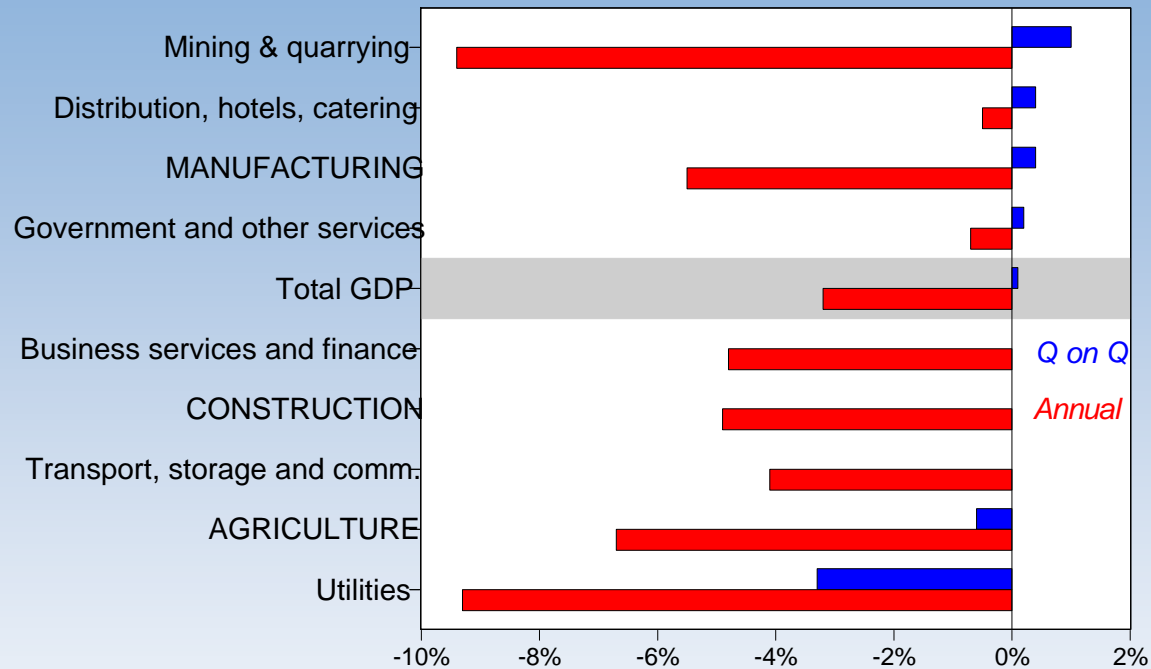
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- Sharp increase in NINo registrations since 2003/4, but low 'base' in some areas.
- A decline in NINo registrations in 2008/9

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A sharp fall in employment in 'migrant dense' sectors

GDP growth by sector (2009)

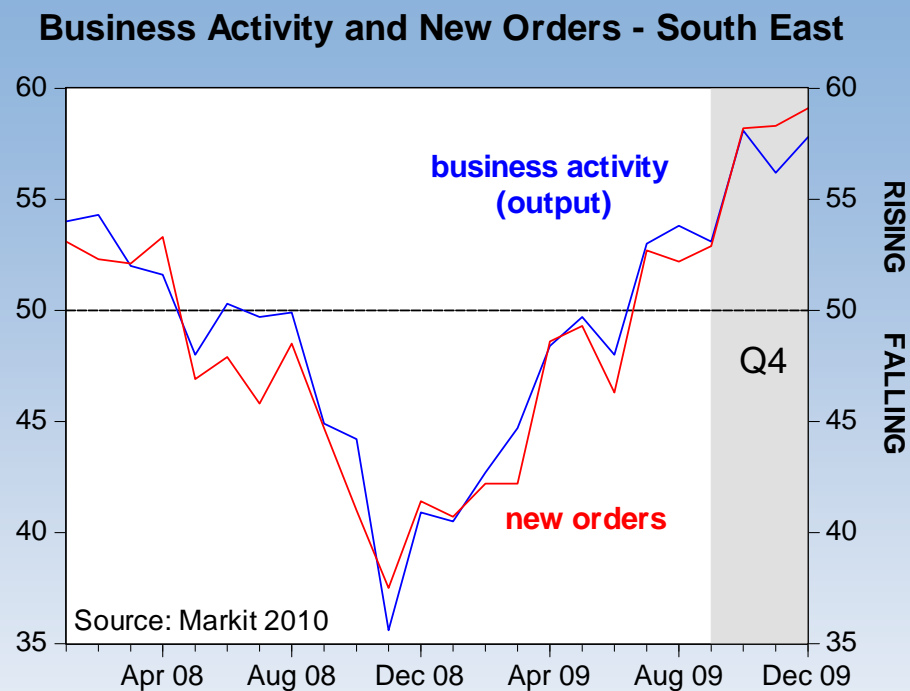
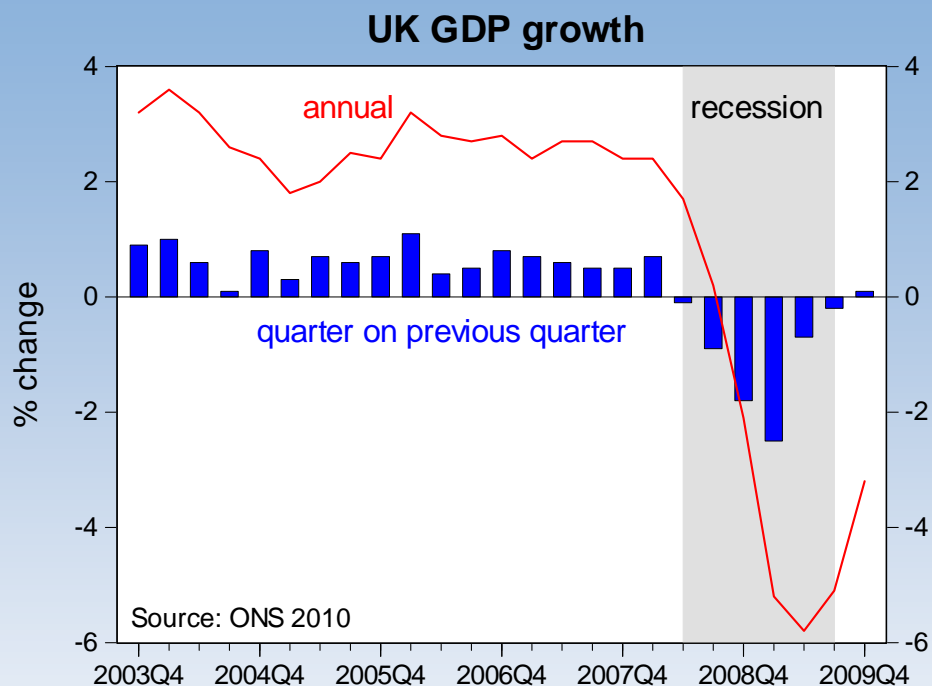


Source: National Statistics, 2009

- Migrant intensive sectors affected more than other sectors of the economy.
- Sterling effect
- Some EU countries performed better than South East

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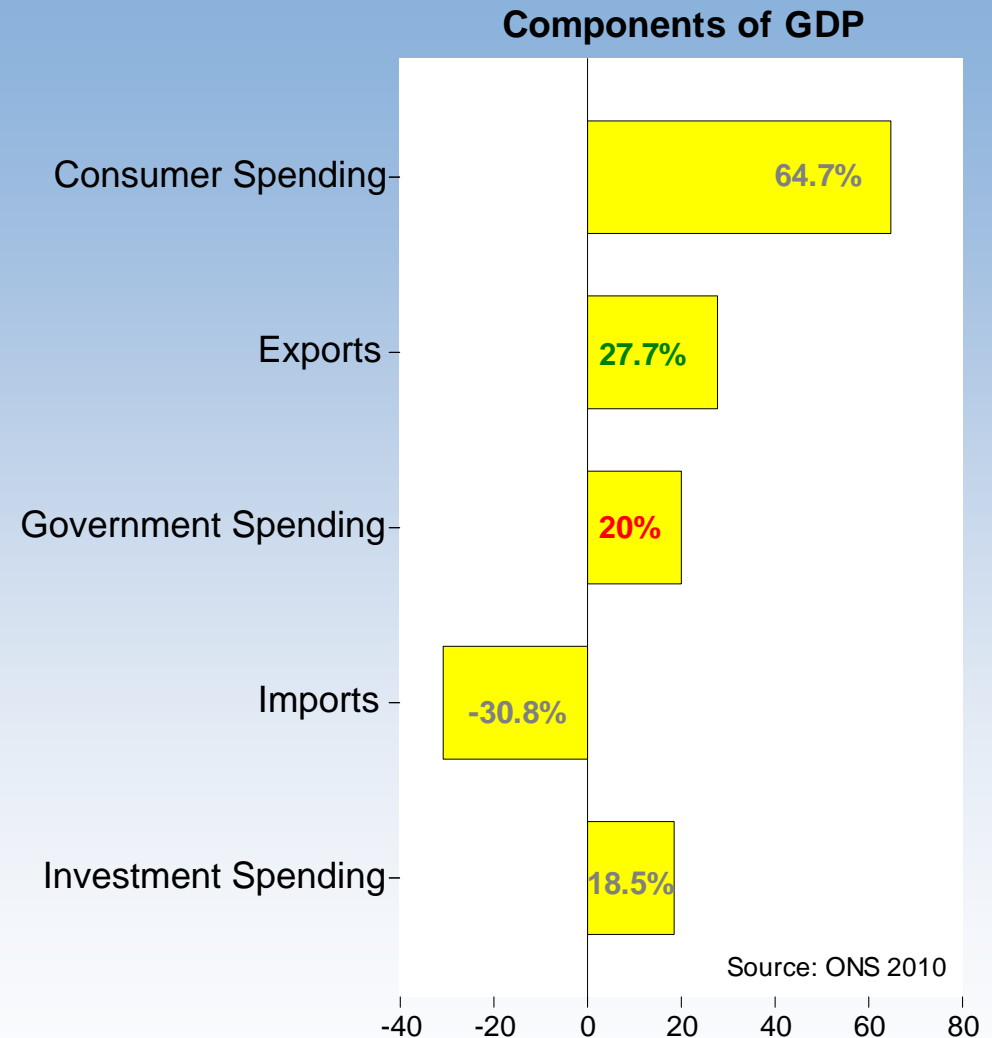
Economic growth has returned



- The economy grew in 2009Q4, but only by 0.3%.
- No sector showing signs of sustained growth.
- Strong growth in business activity in the South East, but less useful as an indicator of strong GVA growth.

Where will the future growth come from?

- Consumer Spending
 - Disposable incomes; Households re-adjusting their spending habits
- Government Spending
 - Important to growth but cuts are looming
- Investment
 - Spare capacity; liquidity; uncertainty about recovery
- Exports
 - 1990's style recovery; strength of global recovery; 75% to EEA and US
- Imports?
- Risk of a 'double dip'?
- Lower GVA and employment growth over short to medium term.



Migration flows from new member states likely to dry up

- Strength of economic recovery
- Sterling effect and relative income levels
- End of Transitional period (2+3+2) and opening of other EU countries to A8 / A2 migrants
- Trend to reverse after May 2011?
- Ageing population - Skills and labour shortage in future?
 - construction, care, agriculture, manufacturing etc.

Thank you

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