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Syed Ather Hussain Akbari

Immigrants in Regional Labour Markets of Host Nations Some Evidence from Atlantic Canada

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Foreword

This is a book for all those interested in how to improve the economic integration of immigrants. The book uses Atlantic Canada as a laboratory to see how immigrants fare in regional labour markets and to identify best policy practices that can be used by other countries to address demographic challenges similar to those facing Canada—such as population ageing and youth out-migration from smaller regions to larger regions—through immigration. An overarching result is that analysing regional data can lead to very different conclusions than analysing national data, which means that it can be risky to devise immigration policy based only on national data.

A key strength of the book is the extent of the statistics presented. Indeed, I would dare to say that I have never come across such a comprehensive and self-contained compendium of facts and statistics on the labour market performance of immigrants in Atlantic Canada. This book should not only provide an invaluable source of information to policy makers interested in the labour market performance of immigrants in Atlantic Canada, but also provide a research template for researchers and policy makers in other countries who are also grasping with the type of immigration issues facing Canada.

This book is also a trove of facts that call for further research. A case in point is the observation that immigrants in Atlantic Canada earn on average more than Canadian born individuals. This is intriguing since it is well known that for the whole of Canada, it is the other way around: immigrants earn less on average than Canadian born individuals despite being more educated and having more work experience. Such issue definitely deserves further research. Indeed it would probably be very instructive to know from a policy point of view why the labour market performance of immigrants in Atlantic Canada is so much better than that of immigrants in the rest of Canada.

Another interesting contribution of the book is the discussion on how international students contribute to immigration in Atlantic Canada and what have been the policy initiatives by provincial governments to attract and retain international students.

Finally, a few words about the author. Professor Akbari is the leading researcher on immigration in Atlantic Canada. It is therefore most fitting that he be the author of such a book.

October 1, 2012

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Acknowledgments

This publication derives from several research projects I conducted for Atlantic Canada Opportunities Agency (ACOA, Government of Canada) over the period 2005–2008. The data in this publication have been updated until 2010 and some more recent immigration policy developments in Atlantic Canada have also been noted. These were recent at the time of writing of this manuscript. As well, I have also included some (albeit short) discussion of the impact of regionalisation of immigration in major host nations of the west.

I have benefitted from my discussions with ACOA officials, with the officials of the four provincial governments of Atlantic Canada, settlement organizations and with my colleagues around the world who conduct research on social and economic impacts of immigration. I also acknowledge the comments I received from an anonymous reviewer on an earlier version of the present manuscript.

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Chapter 1

Introduction

Declining natural growth rates in population have resulted in shortages of skilled workers in all western countries. However, within each country, smaller regions are affected even more because of the added phenomenon of youth out-migration to larger regions. Immigration is seen as an important tool to reverse these trends in regional population growth rates. However, international migrants tend to settle in the large urban centres of their host countries, mainly because of greater economic opportunities and the presence of large social networks formed by the already established immigrant communities in these larger centres. Since the middle of 1990s, immigration policy in these countries is responding to the challenges posed by regional population imbalances through federal-regional collaborations that introduce special programs to attract immigrants to smaller areas and then retain them there. The main focus of regional/provincial and state policies in western countries to attract and retain immigrants has been the skilled immigrant.¹ The following brief overview of such policy initiatives undertaken in four major immigrant-receiving countries will provide the readers of this book some broad perspective on such efforts.

¹ A report published by Organization for Economic Cooperation and Development (OECD) also identifies the link between regional development policies and immigration in host countries of the west (OECD 2004).

Some Immigration Policy Initiatives Towards Regionalization in Australia, Canada, Germany and New Zealand

Australia

About 158,000 immigrants arrived in Australia during 2008–2009. More than 60 % of new arrivals in Australia settle in the states of New South Wales and Victoria, while the rest are divided among the remaining six states and the Capital Territory. The 2001 census found that about 85 % of immigrants lived in metropolitan areas of which 60 % residing in Sydney and Melbourne.² In 1995, Australia introduced state specific and regional migration (SSRM) visa schemes, which enhanced the role of state and regional authorities in Australia's immigration program. These schemes explicitly integrate international migration with regional development planning and strategies by enabling³ state and territorial governments and regional employers to influence the number and profile of skilled migrants settling in their areas in line with both the regional demand for skills and their development objectives. In fact, as Hugo (2008) notes, two classes of immigrants were created under these schemes. Immigrants under one class were free to choose wherever they wanted to settle in Australia, while those under the other class were restricted in where they could settle, at least during their initial years (normally three) in Australia. In 2005, Australia attracted about 16 % of its new arrivals under its regional migration scheme, by 2012 it attracted about a quarter of new arrivals under this scheme.

Canada

Canada receives about 250,000 immigrants each year. More than 40 % settle in the province of Ontario, while about 45 % settle in Alberta, British Columbia and Quebec combined. The remaining 15 % are thinly divided among the seven smaller provinces and territories. Canada's Provincial Nominee Program (PNP) is implemented along the same lines as Australia's SSRM visa schemes. Under the PNP, a province or a territory nominates an individual for immigration to Canada who will live in that same province or territory. The relevant individual has the skills, education and work experience needed to make an immediate economic contribution to the nominating province or territory. The PNP agreement was first

² http://www.workpermit.com/news/2006_01_30/australia/rural_areas_attracting_immigrants.htm

³ The source of 2001 data is the same as listed in the above footnote. The 2012 data source is Australian Government (2012).

signed in 1991 between the federal government and the province of Quebec, which also has greater jurisdiction over its immigration program than do other provinces. The agreement with Manitoba, first signed in 1996, had the specific objective of meeting a skilled labour shortage in that province. Since then, other provinces have also signed PNP agreements to meet their labour market needs. Changes introduced at the federal level also allow international students at Canadian post-secondary institutions to work in Canada for up to 2 years after graduation provided they work outside of Montreal, Toronto and Vancouver, the major population centres and destinations of most immigrants. This arrangement also gives them a greater potential to successfully apply under a PNP.

Germany

Germany recognized the importance of regional labour market needs in the German Immigration Act, which went into force in 2005. In general, two independent authorities, i.e., the Aliens Authority and the Federal Employment Agency (FEA), assess an application for a residency permit filed for employment purposes. The Aliens Authority acts at the community level to examine whether the application meets the general rules set by policy with respect to immigration, integration and social suitability. The FEA examines the suitability of the application in light of local labour market needs.⁴ Germany received 603,314 foreigners in 2009; about 48 % of them came from Europe, and about 71 % of these Europeans were from Eastern Europe. Most of the remaining 52 % arrived from Turkey, China, the United States, the Russian Federation, Iraq and India.

New Zealand

Based on the Government of New Zealand (Ministry of Business, Innovation and Employment) data, New Zealand received an average of about 84,000 permanent and long-term arrivals each year during 2001–2012.⁵ Maré et al. (2007) reported that at the time of the 2001 census, about 60 % of immigrants resided in South Auckland, 10 % in Wellington and 8 % in Christchurch. These three large cities provide strong labour market opportunities. Unlike in Australia and Canada, the absence of a state or provincial authority in New Zealand has meant that policies to both promote immigration and meet labour market needs have been centrally driven. Local labour market considerations have dominated New Zealand's

⁴ For further details, see Burkert et al. (2008).

⁵ <http://www.dol.govt.nz/research/migration/monthly-migration-trends/12jun/data.asp?id=fig1>

immigration policy in this century. Spoonley and Bedford (2008) report increasing regional migration initiatives adopted as a result of a collaboration among local agencies, employers, city councils and the New Zealand Education Commission. These authors cite two examples: one from Southland, a region dominated by primary production, tourism and small towns, and the other from Waitakere, the largest urban agglomeration, whose economy is dominated by small- and medium-sized businesses. In the case of Southland, Venture Southland, an economic development agency, has played an active role in collaboration with the Southland Chamber of Commerce and Engineering South in recruiting immigrants from the UK to its agriculture and tourism industries. The Waitakere case is an example of similar cooperation among various stakeholders, such as the Waitakere City Council, Skills New Zealand/Tertiary Education Commission and Enterprise Waitakere. These groups identified significant skill shortages in small- and medium-sized enterprises. The collaboration works by facilitating the provision of information to both employers to recruit immigrant workers and to immigrant workers about local labour market requirements.

The Impact of Immigrant Regionalization on the Geographic Distribution of Immigrants in Canada

While regional policy initiatives in all four countries have been discussed in the literature, direct statistical evidence on the impact of these changes on the geographic distribution of immigrants can only be found for Canada.⁶ Alberta, British Columbia, Ontario and Quebec are the major destinations of immigrants in Canada, receiving about 88 % of all immigrants in 2010, with Ontario alone receiving about 42 % that year. However, as Chart 1 shows, the immigrant arrival rate in Ontario went down from about 13 per thousand residents in 2001 to less than 8 per thousand in 2010. All other provinces experienced an increase over this same period. Increases in smaller provinces such as Manitoba, Saskatchewan and Prince Edward Island were significant. Further, all provinces in Atlantic Canada, which have traditionally received fewer immigrants than the rest of Canada, are now attracting more immigrants than before.

⁶ Changes in regional distribution have also been observed in other countries, but it is not clear whether they were a result of immigrant regionalization policy aimed at meeting skill shortages in local and regional markets. Thus, for Australia, Hugo and Harris (2011) have observed a shift in the distribution of immigrant population since the mid-1990s away from Sydney (which still remains the major destination) towards other cities such as Victoria. However, Galligan et al. (2011) attributes these changes to not only policies aimed at meeting local skill shortages but also to a concentration in gateway cities. Data obtained on immigrant population distribution in Germany by this author also suggest decreases in arrival rates for all areas in Germany, except for Berlin and Bremen. However, it is not clear whether this was a result of any immigration policy changes (The author thanks Carola Burkert for her help with the data and for providing information on Germany).

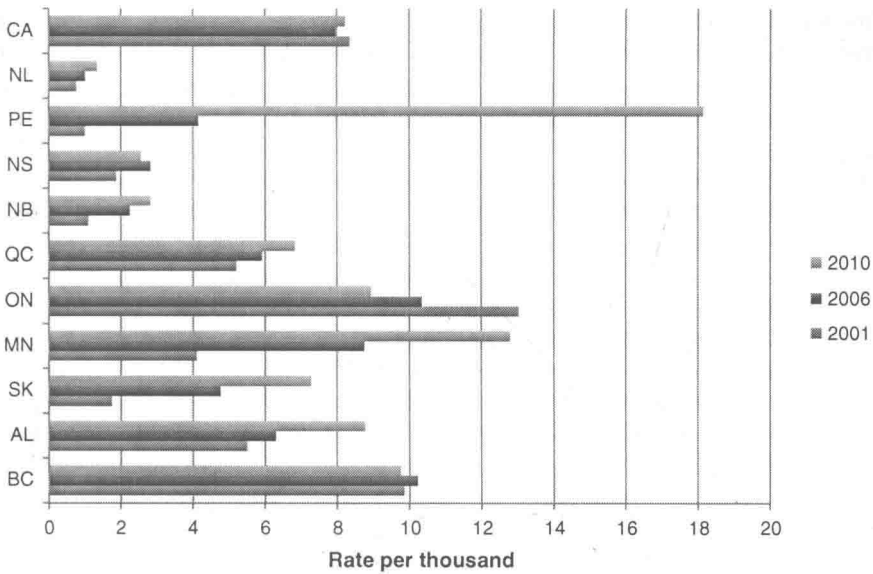


Chart 1 Immigrant arrival rates per thousand persons, Canada and Provinces. *Source* Table A1

About This Book

This book is about the outcomes of the regionalization of immigration in western countries with special focus on economic outcomes. The book’s focus is on Atlantic Canada, a region located on the Atlantic coast of Canada comprising four provinces: Newfoundland and Labrador, New Brunswick, Nova Scotia, and Prince Edward Island. As the next chapter discusses in detail, with a total population of about 2.3 million, these four provinces share many demographic characteristics. For example, all have low fertility rates, which have continued to decline in the post-World War II period. Out-migration rates have been among the highest in the country. In fact, the population growth rate in these provinces has been among the lowest in Canada. The region’s population also has the highest percentage of seniors, those aged 65 and over, in the country.

In response to the above demographic trends, which have begun to have negative economic consequences for the region, the four provinces in Atlantic Canada have adopted unified policies on many fronts. Immigration is considered an important policy tool to reverse the negative impacts of declining population growth. This emphasis on immigration is evident in the formation of separate ministerial departments with the mandate to raise immigration levels and their retention rates. While immigration selection remains under federal jurisdiction, each province plays a greater role in the national immigration program to attract immigrants based on its labour market needs. Municipal governments, community

organizations, settlement agencies and private sector employers also provide inputs into immigrant attraction and retention initiatives.

Atlantic Canada has historically received fewer immigrants per capita than other Canadian regions, but current initiatives to attract and retain immigrants have begun to show results. Although the annual inflow of immigrants remains low, in 2010 the region received more than double the level it had received in 2000. The smallest province of Prince Edward Island saw its per capita immigration levels rise by 18 times during this period (Chart 1). Most immigrants come as economic immigrants and with higher education levels than attained by the resident non-immigrant population.

Studies in Canada have shown that immigrants who have arrived in Canada over the past two decades have not fared well in labour markets compared to those who came in the past. However, these studies do not consider that differences in the labour market performance of immigrants can vary according to the economic and social conditions of the region they chose to stay in. As more immigrants settle in smaller areas of their host nations, issues regarding their social and economic integration and their economic performance in those areas gain importance. The factual information presented in this book makes an important contribution to literature on immigration research by analyzing regional data on immigrants' economic performance. It presents strong evidence that immigrants in Atlantic Canada's labour markets do better than do resident non-immigrants. This finding is in sharp contrast with the findings of some other studies in Canadian literature which analyze national data and arrive at the conclusion that overall, immigrants perform poorly compared to native-born in Canadian labour markets.⁷

The study also analyzes the trends in the inflow of international students, who are viewed as potential skilled immigrants as they acquire relevant professional training and develop their knowledge of local language, culture and institutions. They are also sources of revenue to local educational institutions and help strengthen local markets for goods and services. Canada receives over 150,000 international students each year. Recent attempts by post-secondary institutions in Atlantic Canada to attract international students have resulted in their increased inflow to the region, which has, in turn, benefited the economy of Atlantic Canada.

The factual discussion in this book presents Atlantic Canada as a model of best practices for smaller regions of other western countries faced with similar demographic challenges and that are trying to use immigration as a tool to meet them. The evidence presented shows that immigration policy can work in attracting and retaining immigrants in smaller areas where economic opportunities exist for new arrivals, despite the assertion in the immigration literature that immigrants tend to settle in areas that have a large resident community from their countries of origin. In fact, Maré et al. (2007) also found that immigrants in New Zealand choose their location based on labour market opportunities rather than on the presence of migrant networks. Better labour market performance of

⁷ A review of this literature can be found in Nadeau (2011).

immigrants in Atlantic Canada also implies that economic returns from immigration policy can be enhanced by changing the geographic distribution of immigrants within the country.

The main strength of the analysis presented in this book is its use of immigration data for a small area of Canada for a 30-year period based on various databases of Statistics Canada and Citizenship and Immigration Canada (CIC) including census files, administrative tax files, labour force survey data as well as some limited interviews and anecdotal evidence. The work presented examines a range of labour market outcomes that, where possible, distinguishes between recent and all immigrants, and disaggregates by country of birth. Yet another strong aspect of this work is the use of extensive charts and tables that summarize the main findings. Such an analysis has not yet been conducted for any other host country of immigrants. The author is confident that the information contained in this book will be useful for policy makers, immigrant settlement organizations, and academic researchers who may wish to pursue some small area immigration-related issues in greater depth. Finally, the book also highlights a need for consistent data collection on immigrant settlement and their labour market performance in small areas of host nations so the success and impact of immigrant regionalization can be assessed on a continuous basis.

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