

2016-06-10

PRESS RELEASE

The economic consequences of the flow of refugees into Belgium

International immigration has long played an important role in population growth in Belgium. But, historically speaking, it was not until 1990 that asylum applications became an important phenomenon. Before that, arrivals of foreigners were largely due to economic migration (coal industry labour demand after the Second World War) and later, towards the end of the 1970s, family reunification.

Despite the wide media coverage, at roughly 44 800, the number of asylum applications recorded in 2015 is only marginally higher than the level seen during the 2000 crisis (35 800 and 42 700 applications in 1999 and 2000 respectively). Since the beginning of the year 2016, requests have even fallen sharply. A higher refugee status recognition rate can nevertheless be observed. On average 30 % over the last four years, the figure rose to 61 % in 2015. The asylum-seekers arriving in Belgium at the moment are predominantly young men who appear to be better educated than previous waves of refugees. However, their education level is still below the Belgians' and the skills associated with their diplomas are not always up to expectations in Belgium.

It is not just this country that is affected by the current refugee crisis as it extends to the whole of Europe and the peripheral Mediterranean Basin countries. At EU level, the number of requests for asylum has grown continuously since May 2015 to reach a total of 1 321 000 for the whole year. Applications made in Belgium accounted for 3.4 % of the EU total, corresponding to more than 4 applicants per 1 000 inhabitants. These statistics put Belgium in 8th position. The leading host countries, in absolute terms, are Germany and Hungary (with respectively 36 and 13% of the total numbers) and, in terms of asylum-seekers per inhabitant, Hungary, Sweden and Austria (respectively 18, 17 and 10 applicants per 1 000 inhabitants).

An assessment of the impact of the migration crisis on Belgian economic growth, public finances and the labour market has been made for the period 2015-2020 by using the Noname econometric model under a number of assumption detailed in the article.

The macroeconomic impact shows a very small cumulative effect on GDP, of around +0.17 %. While, to start with, the extra growth is principally due to public expenditure, this government spending is gradually replaced by private consumption which rises thanks to additional disposable income. On the public finance front, the primary balance returns to equilibrium at the end of the period, mainly because of the increasingly large number of refugees in employment and thus the levying of additional revenue via direct and indirect taxation as well as social security contributions. These estimates are in line with those put forward by other institutions such as the European Commission, the International Monetary Fund and the OECD.

Macroeconomic results
(annual averages)

	Short term		Medium term
	2015	2016	2020
GDP (% change, cumulative)	0.03	0.14	0.17
Employment (in persons)	200	3 900	21 100
Unemployment (percentage points)	0.00	0.03	0.12
Public finance primary balance (in % of GDP, non-cumulative)	-0.04	-0.16	0.04

Source: NBB.

The impact on growth and public finances depends essentially on the integration of the refugees into the labour market. Yet, everywhere in Europe, and especially in Belgium, immigrants' success rate on this labour market tends to be less than that for natives. Employment rate deficits are huge, running at around 28 percentage points for non-European immigrants in 2014. People of immigrant origin are also more often employed, under temporary employment contracts, in low-skilled jobs for which they are even more overqualified than native workers. In order to overcome this problem and improve their integration in social as well as professional terms, an integration programme has been set up in all three Regions of the country. This involves an assessment of skills and qualifications, language and citizenship training courses and socio-professional guidance. Since September 2015, the waiting period before asylum-seekers can have access to the labour market has been shortened to four months, instead of the previous six.

For the moment, the current wave of refugees is still comparable to some past inflows and only accounts for a very small part of the migratory flow into Belgium each year. If all the benefits that these asylum-seekers can offer from an economic viewpoint are to be reaped, their integration into the labour market is of prime importance. Various avenues can be explored to improve integration: validation of skills associated with the diploma obtained in the country of origin, extensive language and vocational training that is also adapted to their qualifications, distribution across the territory according to skills sought on local labour markets, hiring people of non-European nationality in public functions and combating social dumping and any form of discrimination.