GLOBAL TRENDS

APRIL 2021

STRUCTURAL DRIVERS OF THE FUTURE

DEMOGRAPHIC TRENDS

The Future of Migration

NIC-2021-02486

International migration probably will increase during the next decades because migration drivers, including economic pressures, changing age structures, population growth, rapid urbanization, and environmental stress, are likely to persist and intensify. Destination countries that can manage the social and political tension caused by immigration probably will reap economic benefits that outweigh the fiscal costs of new migrants. Origin countries are likely to experience mixed results from more emigration, including critical skill gaps, decreases in unemployment, and improving education levels.

Scope Note: *This assessment relies on publicly available data from the Economist Intelligence Unit, International Labor Organization, International Monetary Fund, International Organization for Migration, United Nations Population Division, World Bank, World Health Organization, and academic research. Data constraints and differences in how countries report population statistics limited our analysis to legal migration flows.*

INTERNATIONAL MIGRANTS INCREASING

The total number of international migrants worldwide probably will increase during the next decades as economic factors continue to attract migrants to wealthier countries while poor conditions and crisis spur people to leave their home countries. The exact trajectory of the expected increase in the number of international migrants is likely to depend on how these push and pull factors come together, as well as other countervailing forces. Most migrants are likely to continue to leave their homes voluntarily to pursue socioeconomic opportunities. In 2019, about two-thirds of the world's migrants were voluntary workers, and only 11 percent were refugees fleeing conflict or instability.

- At least 34 developing countries—including Bangladesh, India, Nigeria, and the Philippines—are likely to see emigration rates increase during the next decade, because rising incomes will provide more people with the means to seek better lives abroad.

- The United States and the other 36 Organization for Economic Co-operation and Development (OECD) countries—which currently host more than half the world's international migrants—probably will remain preferred destinations because of their high quality of life, economic opportunities, and large foreign-born populations that can ease the social and financial costs of integration.

- In addition to OECD destinations, migratory flows are mostly intraregional, and this trend is likely to persist given emigration's high financial and social costs. In 2019, 68 percent of all African migrants resided in other African countries, and only about 16 percent lived in Europe—close to the same distribution observed in 2000, according to UN data.

- One of the largest new flows of economic migrants in recent years illustrates the probable future migration pattern. During the past 20 years, wealthy Gulf countries had net immigration of 20 million people, more than 90 percent of whom were guest workers from South and Southeast Asian countries who had just reached middle-income status.

PULL FACTORS

Socioeconomic Incentives

During the next two decades, better economic opportunities and living standards in destination countries are likely to attract migrants from their country of origin. Socioeconomic differences between countries have historically drawn migrants across international borders, and this trend is likely to intensify in the coming years, as expanding Internet access allows more people to identify better living situations abroad. Between 2013 and 2017, average per-capita income was 54 times higher in high-income countries than in low-income countries, and the World Bank estimates that closing this income gap will take 135 years at current growth rates.

- Migrants from the developing world—particularly those with limited financial means to relocate—will increasingly pursue available jobs in nearby developing countries, judging from the UN and academic research. For example, during the last decade, the growing service and technology sectors in Kenya and Rwanda have attracted new foreign workers from other East African countries, such as Tanzania and Uganda.

- Quality of life considerations also play a major role in migration choices, and countries that provide reliable healthcare, social security benefits, and civil liberties protections are likely to remain attractive migrant destinations, according to the OECD and academic research. The OECD currently hosts a majority of the world's international migrants, in part because these countries offer strong social safety nets and high living standards.

Aging Populations and Shrinking Workforces in the Developed World

During the next two decades, the combination of aging populations and shrinking workforces in developed countries is likely to spur demand for more foreign workers. Increasing life expectancies will cause the number of people worldwide who are age 65 and older to nearly double from about 728 million in 2020 to 1.3 billion in 2040, according to UN projections. This older cohort will account for about a quarter of the developed world's population by 2040.

- Aging will have the most bearing on East Asia and Europe, where low birth rates will cause working-age populations to shrink by an average of 11 percent during the next 20 years, according to UN data. Automation can help fill some labor gaps—particularly in manufacturing and other blue collar jobs—but will be less effective at reducing shortfalls in service professionals and high-skill workers.

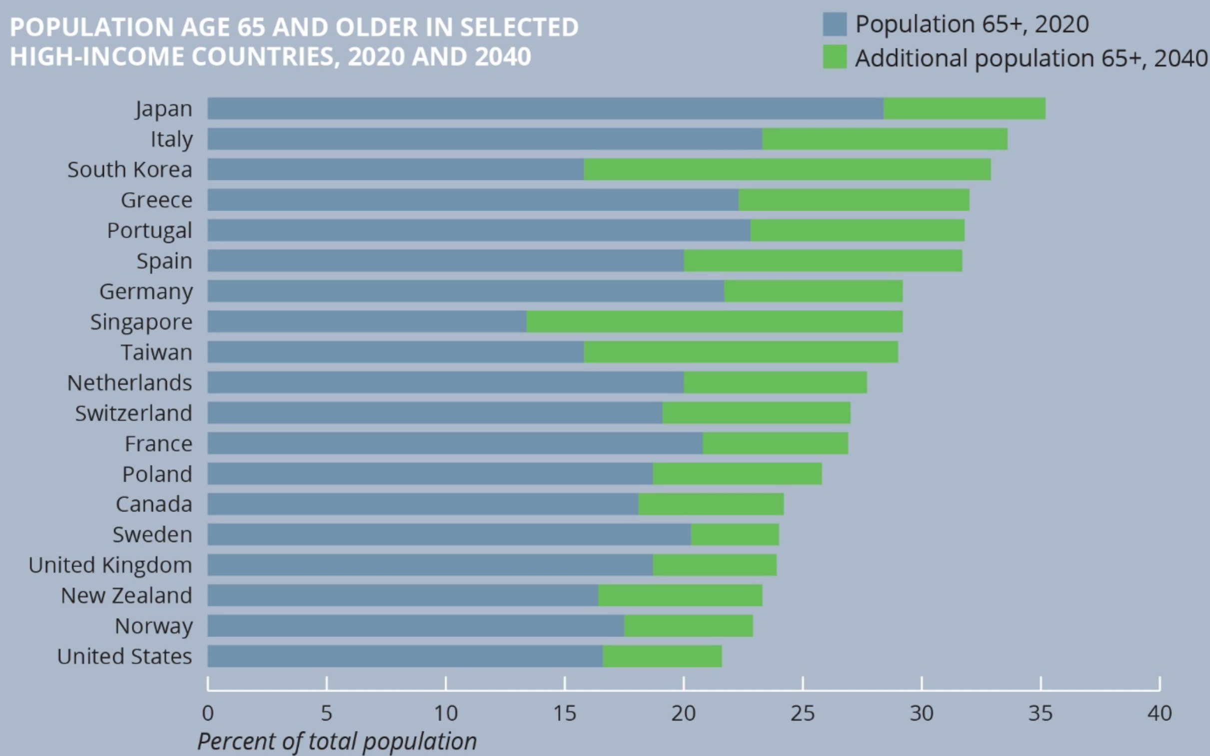
- Many developed countries will need more migrant workers to care for their growing elderly populations. During the next decade, OECD countries are expected to have a shortfall of 2.5 million nurses and 400,000 doctors; however, these gaps could be partially alleviated by Sub-Saharan Africa's projected surplus of 800,000 health care workers.

- In 2019, Japan—the world's oldest country with a median age of 48.4—relaxed some visa restrictions for the first time to attract more foreign workers and relieve employee shortages. South Korea has also announced plans to offer longer stays and better incentives to high-skilled migrants, in part to help address the country's rapidly aging population.

Some governments are likely to be motivated to raise immigration limits because population aging could contribute to slower economic growth and strained national budgets, and alternative options, such as delaying retirements, are politically contentious. Japan's GDP growth declined from a 4-percent average in the 1980s to less than 1 percent in 2019, in part because of its shrinking labor force. In 2018, all NATO members spent at least a third of their national budgets on elder care, and rising pension costs are likely to constrain the Alliance's future defense spending. In 2018, Russia's decision to raise retirement ages gradually prompted widespread protests and caused President Vladimir Putin's approval rating to fall by 12 percentage points, according to a Russian NGO. Similar reforms have led to disruptive demonstrations in France and Greece during the past decade.

GRAPHIC 1

MANY HIGH-INCOME COUNTRIES WILL HAVE LARGE ELDERLY POPULATIONS IN 2040



Source: United Nations Population Division.

PUSH FACTORS

Population Growth Outpacing Opportunities

During the next 20 years, rapid population growth in many developing countries is likely to outpace job creation and strain basic services, encouraging working-age adults to look elsewhere for opportunities. The world's population will increase by 1.4 billion between 2020 and 2040, according to UN projections, and almost all of this growth will occur in developing countries that are the least capable of providing large-scale gains in employment, housing, education, and health care. These limitations, coupled with a finite amount of land and other resources, will encourage more migration.

- Sub-Saharan Africans will account for one out of every five people in the world by 2040, and high fertility in some of the region's poorest countries, such as Niger and Somalia, will cause populations to almost double during this period.

- Fast-growing populations that face limited job prospects have historically contributed to increases in emigration, according to a range of academic research. Many of the countries that will experience rapid population growth in the next decades—including Angola, Mali, and Somalia—also have chronically high youth unemployment.

- Populous countries, such as India and Pakistan, are also on trajectories to experience large increases in absolute terms—even as population growth rates slow—that probably will challenge government capacity. By 2040, India is projected to add about 213 million people—more than any other country during the next 20 years—despite growing at a rate of less than 1 percent annually. Pakistan's population is projected to increase by almost 40 percent or 81 million people during this period, even as fertility rates continue to decline.

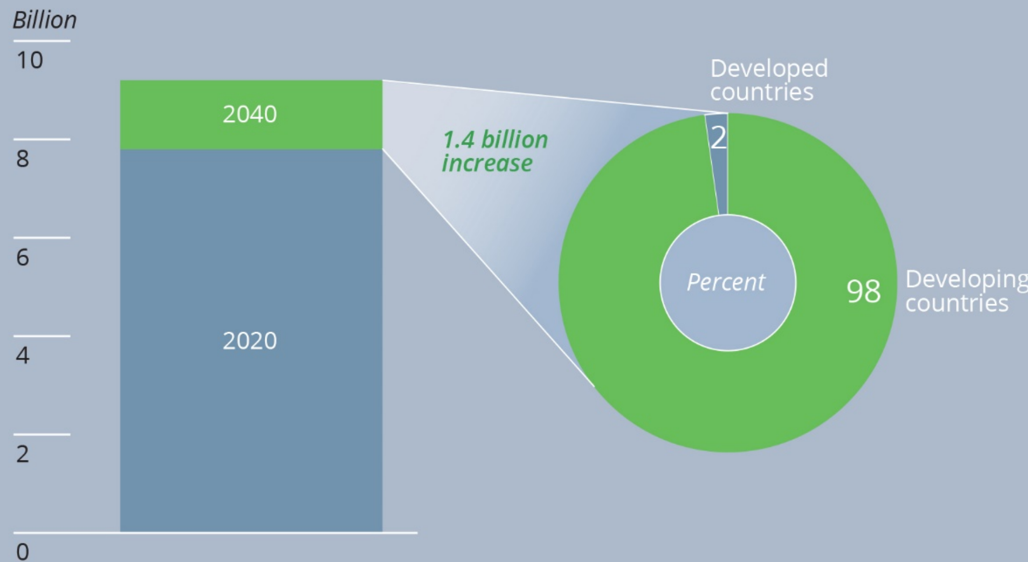
GRAPHIC 2

THE WORLD'S POPULATION WILL INCREASE BY MORE THAN A BILLION BY 2040 . . .

. . . AND NEARLY ALL OF THIS GROWTH WILL OCCUR IN DEVELOPING COUNTRIES

GLOBAL POPULATION, 2020 AND 2040

SHARE OF GLOBAL POPULATION GROWTH, 2020-40



Source: United Nations Population Division.

Economic Conditions

In combination with population growth, broader economic conditions, such as limited job prospects and modest increases in available income, probably will fuel more emigration from developing countries in the coming decades. As of 2018, nearly half of all working-age adults in the developing world had unreliable informal-sector jobs, and during the next 10 years, persistently high rates of informal employment—particularly in Latin America and Sub-Saharan Africa—probably will continue encouraging people to seek improved working conditions abroad.

- US-bound migration from the Northern Triangle—El Salvador, Guatemala, and Honduras—increased during the last decade, in part because these countries have struggled to provide stable jobs and competitive wages. These countries added enough formal-sector jobs for only 10 percent of new workforce entrants in 2017, and the region's informal job opportunities have paid wages on average of about $300 a month, or a fraction of US monthly wages.
- Alternatively, between 2020 and 2030, some origin countries probably will experience higher emigration rates because rising incomes will provide more people with the means to relocate. During the next decade, GDP per capita in at least 34 developing countries—including Bangladesh, India, Nigeria, and the Philippines—is likely to range between $4,000 and $10,000, and this window of development has historically enabled more emigration, according to the Economist Intelligence Unit and academic research. However, most of these countries probably will see emigration rates decline after GDP per capita surpasses $10,000 and local economic conditions improve.

Security Conditions

During the next two decades, poor security conditions and intrastate conflict in the developing world probably will continue to displace people within countries and may cause smaller, short-term spikes in international migration. Of the 36 million people who have been displaced by conflict since 2010, almost two-thirds have remained in their country of birth.

- Cross-border refugee flows surge and decline along with the underlying conflict and crisis. For instance, the number of registered refugees worldwide was essentially stagnant from 1998 to the end of 2012 but shot up by an average of 2 million every year between 2013 and 2017, largely because of conflicts and crises in Afghanistan, Somalia, Sudan and South Sudan, and Syria. The total number of refugees worldwide doubled during the last decade with protracted conflicts in the Middle East, East Asia, and Africa and declining rates of refugee return and resettlement. Much of this refugee population is likely to remain displaced indefinitely.
- Despite continued influxes of asylum seekers to Europe, international refugee populations remain relatively small compared with the overall number of international migrants. In 2019, refugees accounted for less than half a percent of the world's population, and all other migrants represented 3.5 percent.
- When forced to cross international boundaries, most refugees flee to nearby countries within their region. For example, as of June 2020, Colombia and Peru hosted more than half of the five million Venezuelan refugees who have left home since 2014 to escape violence, insecurity, and deteriorating essential services.

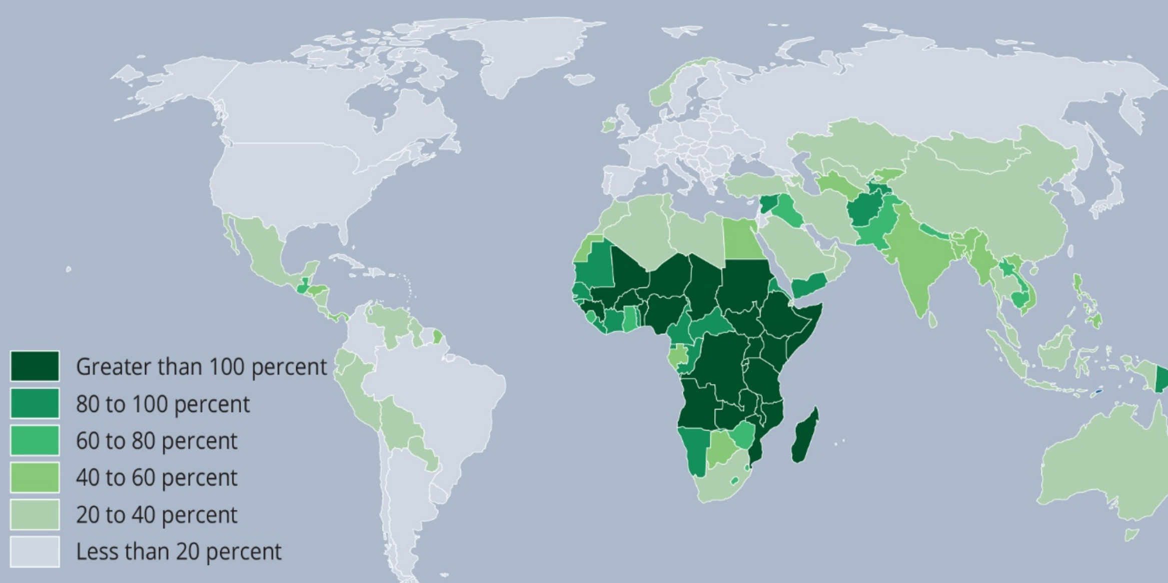
Overburdened Cities, Limited Services

During the next two decades, rapid urbanization in the developing world is likely to further strain government capacity and contribute to growing emigration pressures because cities offer increased information about and connection with the outside world. Expanding populations and increasing internal migration will result in 1.6 billion new urban residents worldwide by 2040, and about 80 percent of this urban growth will happen in countries that are least prepared to provide improved living standards, according to UN data. Consequently, many new city residents will face endemic poverty and limited access to food, water, and sanitation, increasing motivations to move elsewhere.

- High urbanization rates have already led to the rapid development of informal settlements around the developing world. As of 2018, almost two-thirds of Sub-Saharan Africa's urban population lived in slums. The social realities of large slum populations usually include high unemployment, poor living conditions, and chronic—if low—levels of crime and violence, often resulting from the lack of opportunities in the city's formal environment.
- Unregulated urban growth, compounded by frequent clustering of cities on coastlines, makes more people vulnerable to natural disasters that could internally displace populations or spur migration. As of 2018, about 1.4 billion people—one-third of the world's urban residents—lived in cities at high risk of at least one type of natural disaster, including cyclones, droughts, and floods.

GRAPHIC 3
MOST URBAN GROWTH PROBABLY WILL OCCUR IN LESS-DEVELOPED COUNTRIES

PROJECTED GROWTH IN URBAN POPULATION, 2020-40



Source: United Nations Population Division.

- Urbanization can also facilitate increases in emigration by providing more people with access to the resources and networks needed for international mobility. Between 1982 and 2000, China's fast-growing urban provinces generated significantly more international migrants than did the country's rural areas.

Climate Change To Add to Migration Pressures

Climate change and environmental degradation in the coming decades are likely to contribute to the economic and social stresses that encourage migration. The populations most vulnerable to adverse climate effects live in developing countries but often have few resources to emigrate far beyond their borders, suggesting climate change will drive migrants primarily to nearby countries.

- Warming temperatures, rising sea levels, and extreme weather will contribute to environmental degradation that undermines livelihoods and potentially spurs migration from the developing world. Climate effects on farming, fishing, and herding already are making these vocations unstainable in some of the world's most vulnerable areas.

- Small countries—particularly island nations and those with long coastlines—are susceptible to climate-induced migration because their populations have little room to retreat from rising seas. The Government of Kiribati, for example, has urged residents to consider moving abroad to avoid the projected effects of climate change, partly to draw international attention to the vulnerability of Pacific island countries.

- More frequent and intense tropical storms are likely to displace populations within countries in the short term because those affected by the resulting damage will have limited means to move abroad. However, the long-term damage of devastating storms, including gradual and persistent declines in GDP growth, could prompt some to eventually emigrate to neighboring countries.

COUNTERVAILING FORCES

Although pull and push factors are likely to increase migration globally, several countervailing forces could moderate the flow.

Cultural and Political Opposition in Destination Countries

Strong cultural preferences for maintaining ethnic homogeneity and national identity are likely to continue to foment some public opposition to large influxes of migrants, even in countries in need of an infusion of working-age adults. In turn, some political leaders may draw on these public sentiments to advocate or enact policies to curb migration.

Limited Financial Resources

The effects of push factors such as population growth, urbanization, and climate change are likely to be most pronounced in parts of the developing world where many people lack the financial resources to emigrate far from home. As a result, many migrants will be constrained to move elsewhere within their country or region, and may not be able to reach OECD destinations.

COVID-19 Pandemic

The COVID-19 pandemic is unlikely to significantly alter the world's demographic trajectory over the long term, but the crisis will disrupt and slow migration flows during at least the next two years. Even if COVID-19 were to lead to 100 million deaths between 2020 and 2021, this death toll would cause the world's population to decline by only about 0.5 percent, judging from UN data, suggesting that pre-pandemic demographic projections for the next two decades will remain roughly accurate.

- The economic fallout from the pandemic could delay the predicted rise in incomes that would provide more people the means to migrate from the developing world. Almost one-fifth of the countries projected to have income levels associated with higher emigration rates were expected to reach this threshold during the next five years, suggesting that a global recession could stall development and limit some migration in the near term.

- The pandemic and its resulting travel bans probably will exacerbate many of the traditional economic drivers of migration, particularly in countries that rely on remittances from citizens abroad. As a result, many people in the developing world could turn increasingly to smugglers, traffickers, and other illicit groups to circumvent restrictions in destination countries.

- However, existing travel restrictions that severely constrain immigration levels in developed countries probably are unfeasible in the long term, given the global economy's dependence on foreign labor. For example, in early April 2020, Germany partially lifted its ban on seasonal foreign workers after farmers warned that labor shortages would hinder harvesting and threaten food security.

Better Urban Planning

Better urban planning could mitigate some of the negative effects of rapid urbanization in developing countries and dissuade prospective emigrants from moving abroad. Throughout history and across the globe, urbanization has been linked with important economic and social transformations. No country has ever reached upper-middle-income status—the level at which emigration rates tend to fall—without developing its cities, according to the World Bank and academic research. Urban areas generate more than 80 percent of the world's GDP and can provide people with expanded access to employment, education, and health care. City life is often associated with higher levels of literacy, longer life expectancy, and enhanced opportunities for political participation.

THE CHALLENGES AND BENEFITS OF INCREASING MIGRATION

Implications for Origin Countries

Origin countries are likely to experience a range of implications from more emigration, such as critical gaps in skills, decreases in unemployment, and improving education levels. In 2016, about 30 developing countries, including El Salvador, Haiti, and Liberia, lost more than 20 percent of their college graduates to job opportunities abroad, and these outflows contributed to local shortages of key professionals, such as doctors and engineers.

- Emigration can alleviate unemployment in origin countries by reducing the labor pool and decreasing competition for scarce jobs. Between 2000 and 2007, unemployment rates in Central and Eastern Europe dropped by as much as 50 percent, in part because of increasing migrant outflows from these countries.

- Successful emigration of skilled workers can sometimes encourage more investment in education, potentially raising a country's overall skill level. Migration opportunities associated with nursing led to the development of a private education system in the Philippines that provides low-income women with career opportunities. Large numbers of nurses remain in country after completing their education, and as a result, the Philippines has more trained nurses per capita than some wealthier countries, such as Greece and Malaysia.

Implications for Destination Countries

In destination countries, increasing migrant flows can polarize electorates and energize nationalist and nativist political agendas. In 2015, EU member states received about 1.2 million first-time asylum applications—more than double the previous year's total—mostly from Afghanistan, Iraq, and Syria. This influx has divided public opinion on the effects of immigration on society and fueled support for nativist political parties across Europe.

- Between 2002 and 2016, publics in Austria, Ireland, Slovenia, and Switzerland became more divided about whether to boost immigration levels, with the number of supporters and opponents both increasing, according to a European Commission Survey. After EU asylum applicants surged in 2015, public support for generous refugee benefits decreased in Germany, Hungary, and Sweden, and large majorities in these countries said in 2018 that their governments should accept fewer immigrants, according to a Pew Research survey.
- In recent years, populist-nativist parties in Europe have used public anxieties about the potential economic and social costs of immigrants to mobilize voters and gain influence in legislatures and capitals across the EU. For example, the nativist *Alternative for Germany* party became the largest opposition party in Germany's federal parliament after making electoral gains in 2017. Similar anti-immigrant parties in Italy, Spain, and Sweden increased their vote share during elections in 2018.
- The growing political influence of anti-immigration factions has prompted some European countries to pursue policies that—if maintained—could undermine efforts to address workforce decline in the next decades. In February 2020, UK business leaders warned that London's plan for new visa restrictions on low-skilled foreign workers could lead to critical labor shortages in the construction, food, and hospitality industries.
- Lebanese politicians have publicly blamed Syrian refugees for the country's ongoing economic crisis. In June 2019, nativist rhetoric employed by the Free Patriotic Movement party may have inspired protesters to target a Syrian-run shop after a political rally.

However, the fiscal costs that new migrants generate for destination countries—such as strained social services, increased job competition, and depressed wages—tend to be small, short-lived, and outweighed by long-term economic benefits. Local governments usually bear the immediate health care, education, and infrastructure burdens of increased immigration, although these impacts are often offset over time. For example, most migrants to New Zealand begin making net contributions to the economy within five years of arriving, according to the UN.

- After an initial period of integration, migrants to most OECD countries pay more in taxes than they consume in social services, according to academic research. Foreign-born populations in Canada, Germany, Greece, Spain, and the United Kingdom have not been more reliant on government assistance programs than have native citizens.
- Immigration has the potential to reduce employment and wages for native workers who compete directly with new arrivals. However, the scale of this competition is often small because foreign workers in many developed countries specialize in labor-intensive jobs that would not have been filled otherwise.
- Migrants in developed countries are also frequent providers of low-cost services—such as child or elder care—that allow native-born citizens to enter the workforce. As a result, immigration can boost a country's economic output by raising labor-force participation rates.

- Developing countries can also reap economic benefits from more immigration if they leverage the expertise of foreign workers. In 2012, migrants were responsible for almost 13 percent of Rwanda's GDP—despite representing only 5 percent of the workforce—largely because the country's growing service and technology sectors have attracted and capitalized on highly skilled immigrants.

Implications for the World Economy

Over the long term, increases in migration tend to contribute to economic growth. In 2015, for example, international migrants were responsible for 9.4 percent of global GDP, or more than twice what they would have produced in their home countries. Migrants can generate economic gains for destination countries—through increases in labor, human capital, and entrepreneurship—and can provide countries of origin with remittances that improve socioeconomic development.

- In the long term, international migrants can significantly boost GDP growth in destination countries. Between 1990 and 2016, the labor effects from migration resulted in a 16.6 percentage-point increase in the United Kingdom's aggregate GDP.
- Countries with aging populations that accept more immigrants could broaden their tax bases and improve the solvency of their social security programs.
- For origin countries, emigration can reduce poverty and foster development. Remittances—which have totaled more than all international aid since the mid-1990s—provide developing countries with capital flows and stable streams of income that can elevate poor populations and create better living conditions.