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The Labour Market Consequences of COVID-19 for Migrant Workers

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Contents

Abstract

This report describes the consequences of the COVID-19 pandemic on the European labour market for three groups in the resident population: natives, EU born, and non-EU born. Combining macroeconomic data on the main labour market indicators - activity rate, employment rate, unemployment rate - with the latest waves of the European Labour Force Survey, the study describes the responses of the European labour markets to the shock and its diverse effects across socio-demographic segments of the population. Focusing on the differential effect, the analysis finds that after a severe contraction for in 2020, especially for non-EU born workers, the macro indicators have returned close to their pre-pandemic trends. However, when considering specific socio-demographic groups in 2020, a sizeable gap becomes evident in the probability of job termination by origin. EU-born and non-EU born workers display probabilities between 25% and 125% higher than natives. Among the already underprivileged group of non-EU born workers, the main losers are the young with a short labour market history in the Union.

Key messages

- The economic shock caused by the COVID-19 pandemic resulted in a major shock for European labour markets.
- In terms of employment, non-EU born immigrants suffered the harshest consequences.
- Compared to the last pre-pandemic quarter (2019q4), in the first quarter of 2021 employment rates fell by about 2 percentage points (p.p.) for natives, 2.5 p.p. for EU born and almost 4.5 p.p. for non-EU born.
- By July 2021, most labour market indicators returned to their pre-pandemic trends for all workers irrespective of their country of birth.
- Younger cohorts have fared worse during the pandemic. The probability of job termination is more than twice as large in the 20-24 age group compared to the 45-49 age group, irrespective of the origin.
- Non-EU born workers have a probability of job termination approximately double that of natives in every age group.
- Irrespective of the country of birth, the declines in employment rates are larger for women than men.
- While for EU-born the probability of losing their jobs markedly drops after approximately 5 years of residence in the host country, the reduction is much more gradual for non-EU born. This might signal different integration patterns for the two groups.
- Non-EU born workers tend to be concentrated in sectors highly affected by the crisis.
- Within sectors, non-EU born workers are more likely to lose their job compared to both EU-born and natives.

1 Introduction

This JRC Technical Report looks at how the participation in the labour market developed during the COVID-19 pandemic for three population groups: people born outside the EU27 Member States (*non-EU born*); people born in one EU Member State but residing in another (*EU born*); people born and living in the same EU Member State (*natives*).

The report builds upon earlier work on the participation of migrants in the EU labour market (Grubanov-Boskovic et al., 2017), early analyses of the possible impact of the COVID-19 pandemic on the migrant workforce (Fasani and Mazza, 2020a; Kalantaryan et al., 2020), a comprehensive assessment of the disemployment effects of the COVID crisis in the EU14 (Fasani and Mazza, 2021), as well as specific focus on gender (Grubanov-Boskovic et al., 2020).

The study relies on microdata from three waves of the EU Labour Force Survey (LFS) from 2018 to 2020, supplemented by other Eurostat statistics[1], and observes changes from three vantage points – employment rate, unemployment rate, activity rate – both at EU level and by Member States. The analysis then examines further the participation in the labour market of the three population groups, unpacking the employment data by age, gender, migrants' length of stay, sector of employment.

[1] For a broader overview of the impact of the COVID-19 pandemic on the labour market, using quarterly data from the Labour Force Survey (LFS), see also EUROSTAT, Labour market in the light of the COVID 19 pandemic - quarterly statistics, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Labour_market_in_the_light_of_the_COVID_19_pandemic_-_quarterly_statistics; last accessed: 12.03.2022

2 Background and context

The outbreak of the COVID-19 pandemic at the start of 2020 triggered immediate public concerns primarily for its health consequences, but also for its impacts on the economies and labour markets (Carlsson-Szlezak et al., 2020a, 2020b). The containment measures adopted by almost all EU MS (Member States) included a mixture of prolonged and repeated lockdowns, the closure of borders and restrictions to intra-EU mobility, the temporary closure of businesses and industries, the sudden upswing of remote working. Such measures induced rapid contractions of national economies and affected labour markets across Europe. In the first two quarters of 2020, European economies registered the largest shock since World War II, with sharper and deeper recessions than the ones caused by the global financial crisis and European sovereign debt crisis of 2007-2009 (Fund, 2022).

Against this background, early analyses expected an overall deterioration of the labour force participation. Among the variety of measures that EU Member States have taken to contain the virus, the temporary closure of borders and the restrictions of mobility within the EU caused specific concerns in terms of disruptions to EU-born employment and lives. It is worth mentioning that the United Kingdom's withdrawal from the EU, which led to the end of the bilateral freedom of movement on 31 December 2020, has also contributed to reshaping patterns of intra-EU labour mobility since the vote to leave in 2016 (Fries-Tersch et al., 2021).

In such a context, particularly severe and long-lasting effects were expected in the case of non-EU born immigrants (Guadagno, 2020; OECD, 2020). Even before the pandemic, the employment rates of non-EU migrants struggled to match the ones of natives and EU mobile citizens in most MS. Crucially, non-EU migrants were believed to be more vulnerable in times of crisis. They were more likely to have temporary contracts, lower income and occupations that cannot be executed remotely (Fasani and Mazza, 2020b; OECD, 2021a; OECD and Union, 2018).

In addition, within the non-EU born migrants, the labour market participation of women, refugees and recent immigrants appear particularly frail. Both women and refugees, on one hand, have historically registered worse labour market outcomes than other migrants with similar characteristics (Fasani et al., 2021; Grubanov-Boskovic et al., 2020).

On the other hand, recent immigrants may suffer from lacking the country-specific social and human capital that are particularly instrumental to capitalise on job-search networks and activate safety nets during a period of deterioration of the labour market (Reyneri and Fullin, 2011). Finally, for many non-EU migrants, an economic downturn may be a distinctive risk from a legal point of view since renewal of or access to a residence permit are often conditional on underlying employment and income thresholds.

Contextually, the European Commission coordinated a common European response to the coronavirus outbreak, including actions to mitigate its socio-economic impact since 2020. Among others, the SURE instrument (Support to mitigate Unemployment Risks in an Emergency) specifically mobilised significant financial loans to support MS public expenditure for short-time work schemes aimed at preserving jobs and protecting workers from loss of income. [2] MS were thus able to adopt job retention schemes (JRS), subsidies to self-employed and other forms of wage subsidies - which varied significantly across Europe, in terms of coverage of sectors and population groups, as well as duration (European Commission Directorate General for Employment, Social Affairs and Inclusion and Icon Institute, 2020).

Recent studies that looked at the socio-economic impact and the recovery so far in Europe (Fund, 2022, sec. 3; Anderton et al., 2021; also, OECD, 2021b), found the unprecedented size and speed of policy responses by the EU and national authorities effective in cushioning the damage to the labour supply and productivity, and in ensuring a quick rebound of the EU economy in 2021. In particular, JRS are estimated to have kept about 4 million workers in their jobs and the EU labour market conditions at the end of 2021 look much better than earlier recessions (Fund, 2022: 8-9): at the aggregate level, the unemployment rate was at its record low and, in several MS, the labour force participation at its record high. On the other hand, underemployment, inactivity and hours per worker still score slightly worse than their pre-crisis level.

Within this generally positive outlook, the same studies remarked a high degree of heterogeneity across countries, due to sectoral and workforce composition. Concerning the workforce, the crisis hit hardest the young, low educated and low skilled workers. Being foreign born and employed with temporary and part-time contracts

[2] https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

accounted for additional job insecurity. All these population groups, then, showed to struggle to find new employment. Furthermore, they are also more likely to concentrate in sectors that the crisis affected disproportionally, such as contact-intensive services, hospitality, trade and transportation. In this respect, the report expresses concerns about long-lasting 'scarring effects' for these population groups and sectors, in the absence of reallocation of workers across sectors and targeted interventions of job-to-job transitions. These concerns are of particular relevance for migrant workers.

Several country-focused studies have started to examine how the pandemic affected the participation of migrants in the labour market. Overall, most point towards similar conclusions, in that the foreign-born workers, especially women and from non-EU countries, have suffered disproportionately compared to their native-born peers. For example, in Spain immigrant women were the most severely affected by layoffs and the economic downturn associated with the pandemic further increased the already prominent presence of immigrant workers in the sectors with the lowest wages, most precarious working and contract conditions (Aragón Gabinete Estudios Económicos, 2021; Lariau and Liu, 2022). Both in the Nordic countries and Ireland, low-educated men and women from outside the EU were hit hardest by the economic crisis, as well as recently arrived immigrants and struggled to find new employment. In Ireland, in particular, Eastern European workers, women especially, appeared as particularly vulnerable to the crisis (ESRI et al., 2020; Integration, 2021a; Sánchez Gassen et al., 2021). In Poland, it was Ukrainian workers – once again, particularly women – who were most affected by lockdowns and layoffs, which impacted on the sectors in which they are often employed, even as essential workers (such as health and social care, food industries and hospitality). Polish and Ukrainian authorities estimated that between 150,000 and 180,000 Ukrainians left Poland from mid-March to the end of April 2020, including for difficulties in meeting the criteria to obtain a legal status, due to income loss and unemployment (Group and Warsaw, 2020; Integration, 2021b; Levitas and Jóźwiak, 2020). Finally, the participation in the labour market of refugees and beneficiaries of international protections was found to have worsened in Hungary due to the pandemic (Budai, 2021), while in Austria the findings are less clear-cut. Comparing the pre-COVID situation with the end of 2021, it emerged that roughly 80% of the refugees who were employed were still working and 51% of all refugees who were looking for work found a job. On the other hand, 60% of the latter did so with precarious contracts in the gig economy. Female refugees and refugees with tertiary level of education showed a higher probability of switching from unemployment to inactivity or remaining inactive (Leitner and Landesmann, 2021).

In the light of the above, it seems particularly timely and salient to delve more systematically into the participation in the labour market of migrants compared to native population across the EU.

3 Data

In this report, we use two sources of data.

- For aggregate data, we rely on public access data provided by Eurostat.[3] We extract the following databases:
  - Population by sex, age, country of birth and labour status (*lfsq_pgacws*);
  - Active population by sex, age and country of birth (*lfsq_agacob*);
  - Employment rates by sex, age and country of birth (*lfsq_ergacob*);
  - Unemployment by sex, age and country of birth (*lfsq_ugacob*).
- For microdata, instead, we rely on the latest wave of the EU-LFS containing information collected until the end of 2020. With its detailed information on socio-economic background and labour market outcomes, the EU-LFS allows us to assess the labour market trajectories for our three groups of interest during 2020. In particular, it allows us to reconstruct the labour market history of each respondent in the first year of the pandemic. Thanks to such information, we can see if and when a respondent has become unemployed in 2020 and the previous occupation held. We base all our analyses on specific socio-economic groups in Sections *5.1*, *5.2*, *5.3*, and by sector in *Section 5.4* on this microdata.

In our analysis, we intend to illustrate how the European labour market has coped in the first year of the pandemic with a particular focus on differences between our three origin groups. The dimension that we will investigate more closely is how the risk of job termination diverged between origin groups and socio-economic groups. With this goal in mind, we restrict our sample to the 15 to 64 age group, and, in the analysis of microdata, we focus only on people who at the beginning of 2020 were gainfully employed. Therefore, when analysing the EU-LFS, the main outcome of interest is the probability of having one's job ended during the first year of the pandemic.

Some Member States (e.g., Bulgaria and Romania) do not provide data by country of birth likely due to the extremely low sample size. Further, in Germany, there is no data distinguished by country of birth before 2017.

[3] Unless stated otherwise, whenever we look at Eurostat data, we do not differentiate by gender (that is, we select both men and women), and select the age group 15 to 64. All data is extracted with the Lahti et al. (2017) R package.

4 Macro Labour Market Trends

The pandemic had a recessionary effect on the economy of most Member States. Taken as a whole, real Gross Domestic Product (GDP) in the EU27 fell on average by 5.9% in 2020.[4] This was the first drop recorded since 2009, when GDP had declined by 4.3% relative to the previous year. The expected effects of this severe contraction on migrant workers' employment in the first months of the pandemic were quite bleak (Bossavie et al., 2021; Fasani and Mazza, 2020a). Given their well-known vulnerabilities, migrant workers were expected to be more exposed than natives and EU born workers to the economic contraction that the containment measures were causing (Fasani and Mazza, 2020b). The elements that many observers noted and conjured against migrant workers' perspective in the COVID-19 pandemic were: i) their high concentration in occupations that are less suitable to telework, ii) the high share of migrant workers employed on temporary contracts, iii) their high concentration in sectors of the economy that were more directly affected by the restrictions in mobility and face-to-face contacts that most governments introduced in response to the pandemic.

These expectations were only partially met. If we look at the main labour market indicators shown in Figure 1, Figure 2, and Figure 3, we see that whereas natives' employment rates, unemployment rates, and activity rates reacted moderately to the economic contraction, the variation was more pronounced for EU born workers and even more so for non-EU born workers, but it did not match the most pessimistic expectations.

The labour market reacted immediately to the joint effect of the virus and the containment measures. Most of the negative effects of the pandemic became clear already by the first quarter of 2020 and were further worsened by the second quarter[5]. After a short-lived recovery in the last part of 2020, labour markets contracted even further at the beginning of 2021. Compared to the last pre-pandemic quarter (2019q4), by the first quarter of 2021 employment rates fell by about 2 percentage points (p.p.) for natives, 2.5 p.p. for EU born and almost 4.5 p.p. for non-EU born. Conversely, unemployment rates rose by about 1.5 p.p. for natives, more than 1 p.p. for EU born and almost 2.5 p.p. for non-EU born workers. The activity rates of EU born were unaffected, while those of natives and non-EU born dropped by 1 and 2 p.p. respectively.

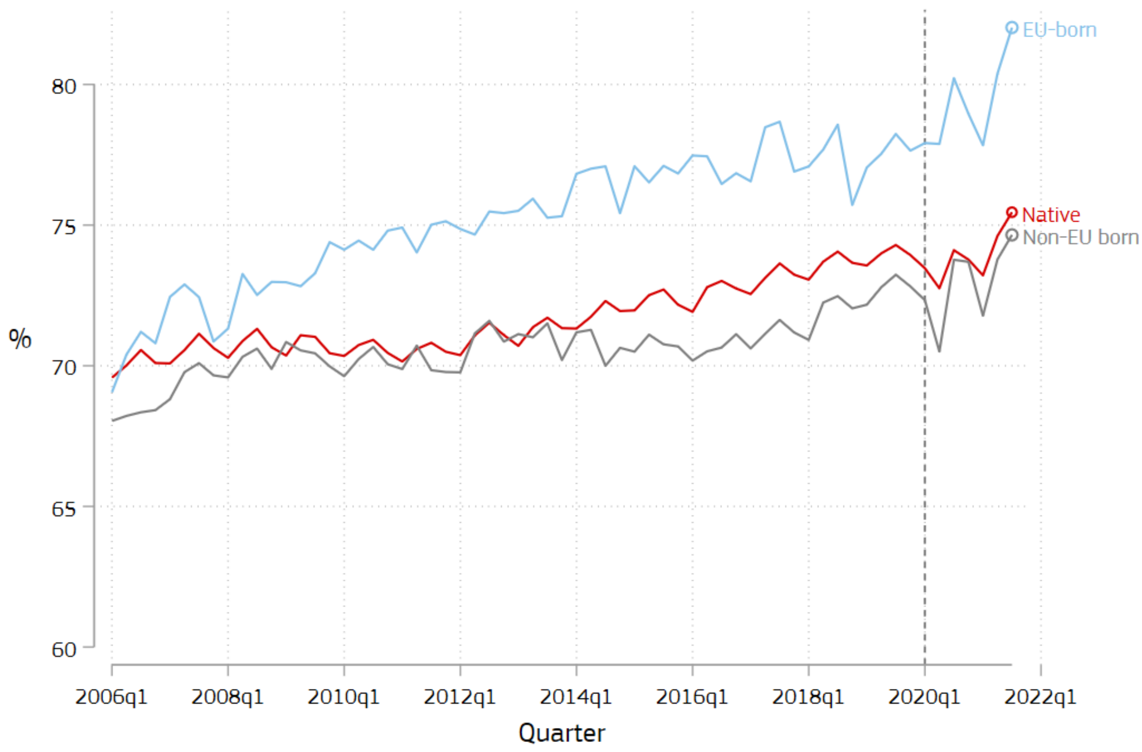
To put these dynamics into context, we can compare them to the long Great Recession. The Great Recession in Europe started in 2009 and its effects were visible in the labour markets until 2014. In those five years, employment rates dropped between 3 (natives) and 6 p.p. (non-EU), unemployed rates surged by 6 p.p. among natives, 8 p.p. among EU born and 10 p.p. among non-EU born and activity rates were either unaffected or grew in the case of EU born workers. Within the first two quarters of 2020, European labour markets experienced a contraction half the size of the Great Recession in a fraction of the time.

After such a dramatic decline though, at the beginning of 2021, all indicators swiftly bounced back. By July 2021, all indicators had recovered and reverted to the pre-pandemic trends for all three group of workers.

[4] For more details, please visit Eurostat's *Real GDP growth rate - volume (TEC00115)*, retrievable at https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en.

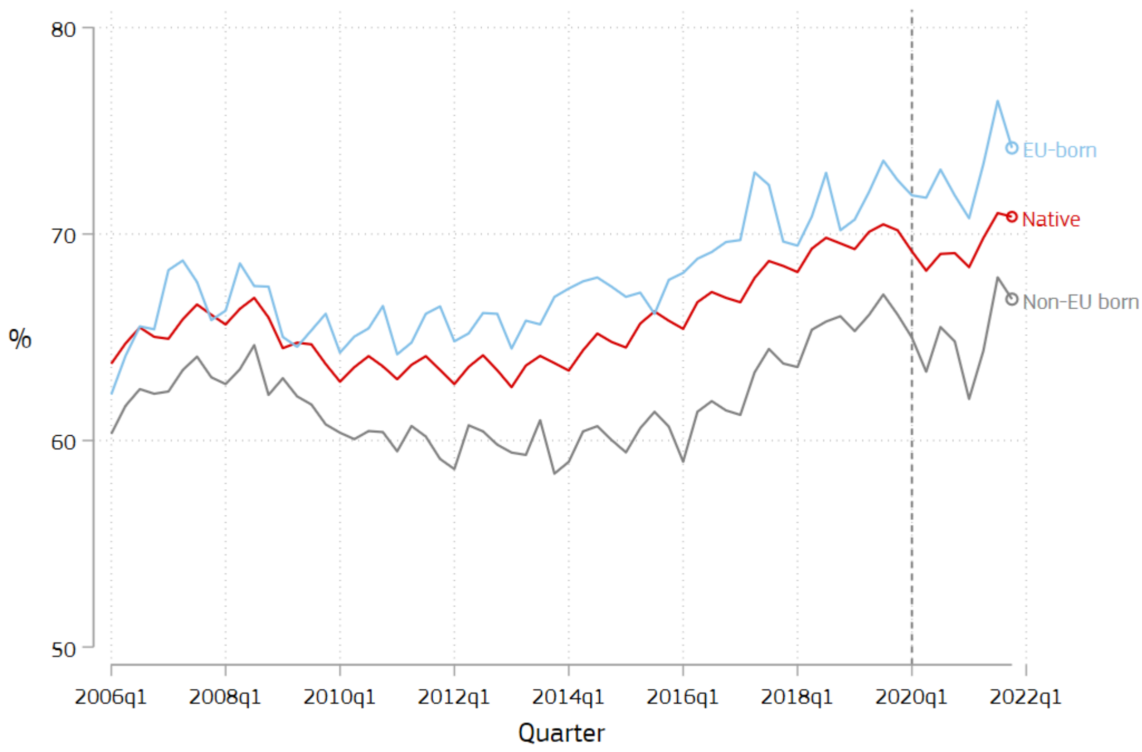
[5] Here we are interested in showing the last data point before the pandemic as well as the moment where it had the most severe impact in terms of labour market outcomes. For a more traditional year-on-year comparison, please see Appendix.

Figure 1. Activity rates in the EU27, by Country of Birth, 2006-2021



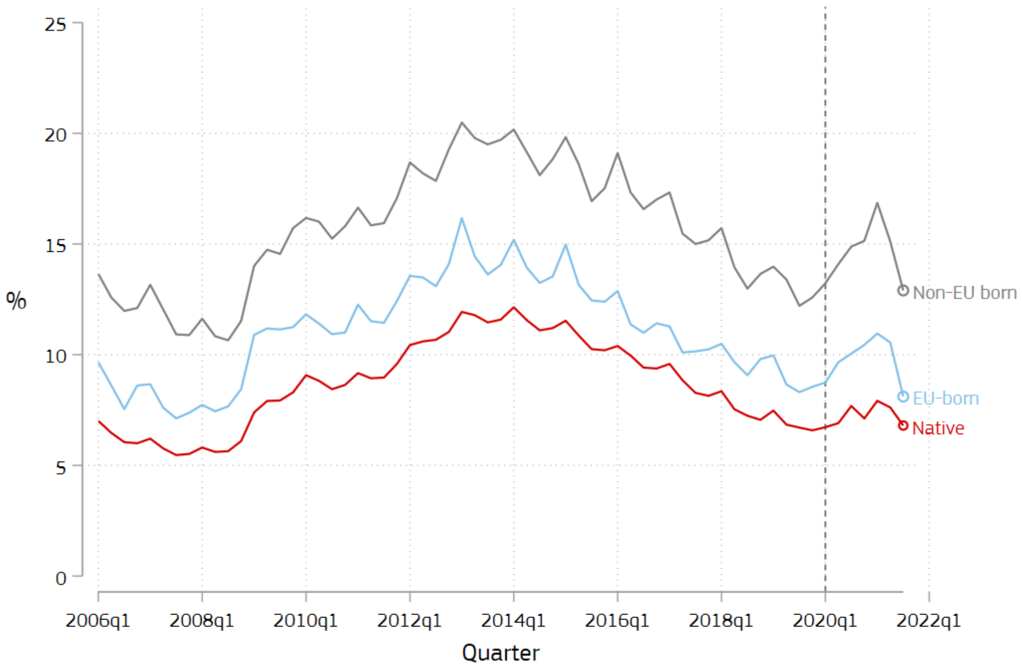
Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

Figure 2. Employment Rates in the EU27, by Country of Birth, 2006-2021



Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

Figure 3. Unemployment rates in the EU27, by Country of Birth, 2006-2021

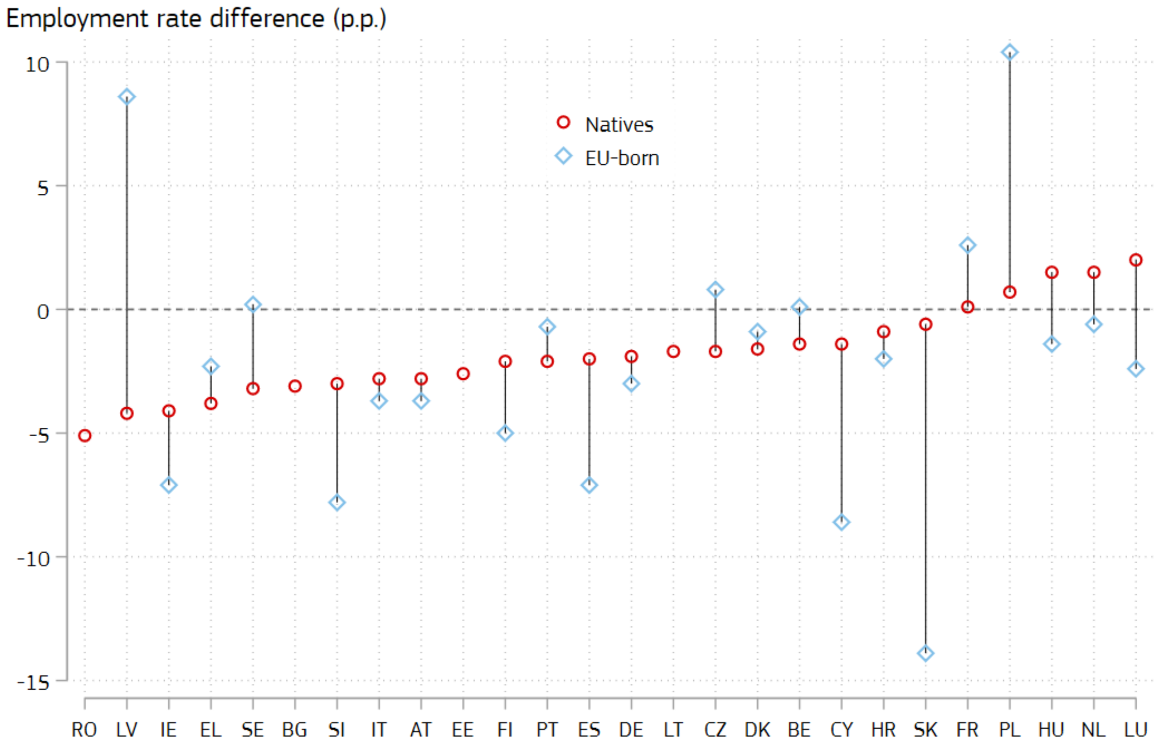


Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

The aggregate dynamic that we show in Figure 1, Figure 2, and Figure 3 masks considerable heterogeneity across Member States. In Figure 4 and Figure 5, we unpack the differentials in employment rates by EU Member State. In this figure, and in the remainder of this report, we focus on the employment rate as indicator of labour market health. In the picture we display the difference in the employment rates between the last pre-pandemic quarter (2019q4) and the first quarter of 2021 – the through of the contraction – by country of birth and Member State. In Figure 4 we show the differences for natives and EU born while in Figure 5 that between natives and non-EU born.

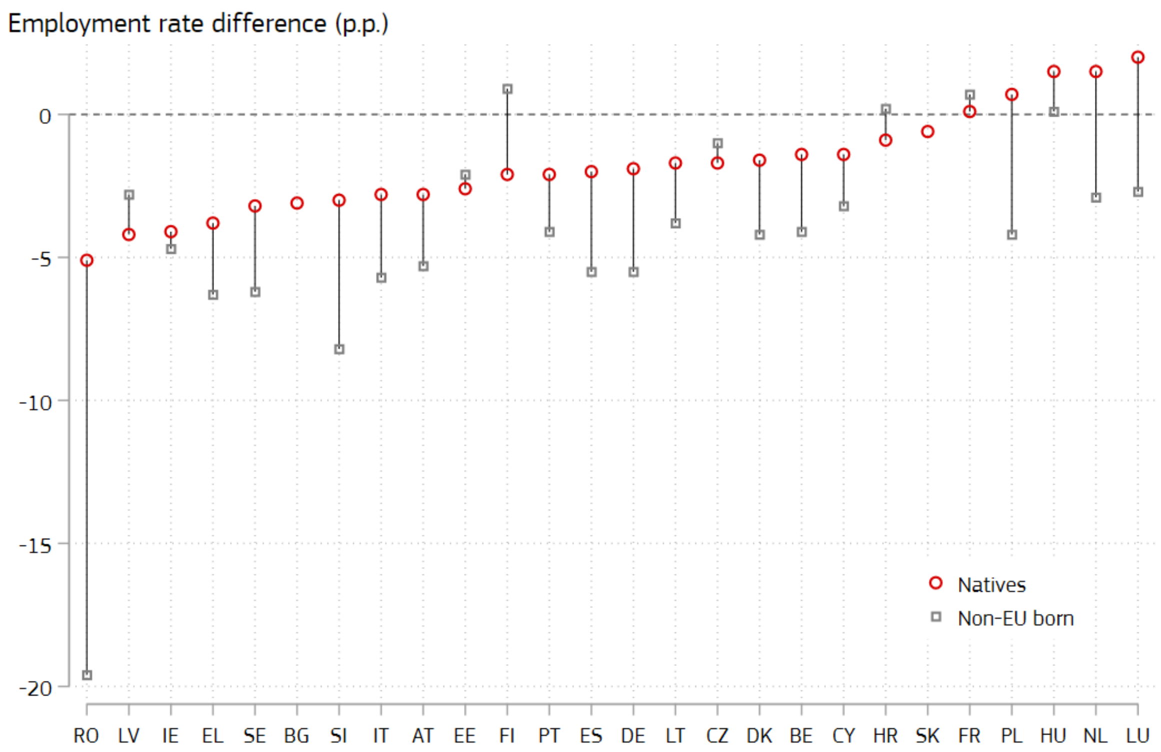
As it is often the case in the EU, the picture is multifaceted. The differentials between the two quarters for natives goes from -5 p.p. in Romania to about +2 p.p. in Luxembourg. The range of employment rate differentials for natives is relatively tighter compared to the ones for the other two groups. Leaving aside the recorded differences in Cyprus, Latvia, Poland, and Slovakia due to the low share of migrants in those countries, EU born workers' employment rates fell by more than 7 p.p. in Ireland and Spain, remained stable in several other countries such as Belgium, Portugal, or Sweden, and grew in Czechia and France Figure 4. For non-EU born, the employment rate picture is substantially bleaker Figure 5, as losses were more severe especially in Czechia, Greece, Italy, Spain, and Sweden. Only in Finland and France, the differentials were slightly positive for non-EU born immigrants.

Figure 4. Difference in Employment Rates 2019q4 vs. 2021q1, Natives vs EU-Born, by Member State



Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64.

Figure 5. Difference in Employment Rates 2019q4 vs. 2021q1, Natives vs Non-EU-Born, by Member State

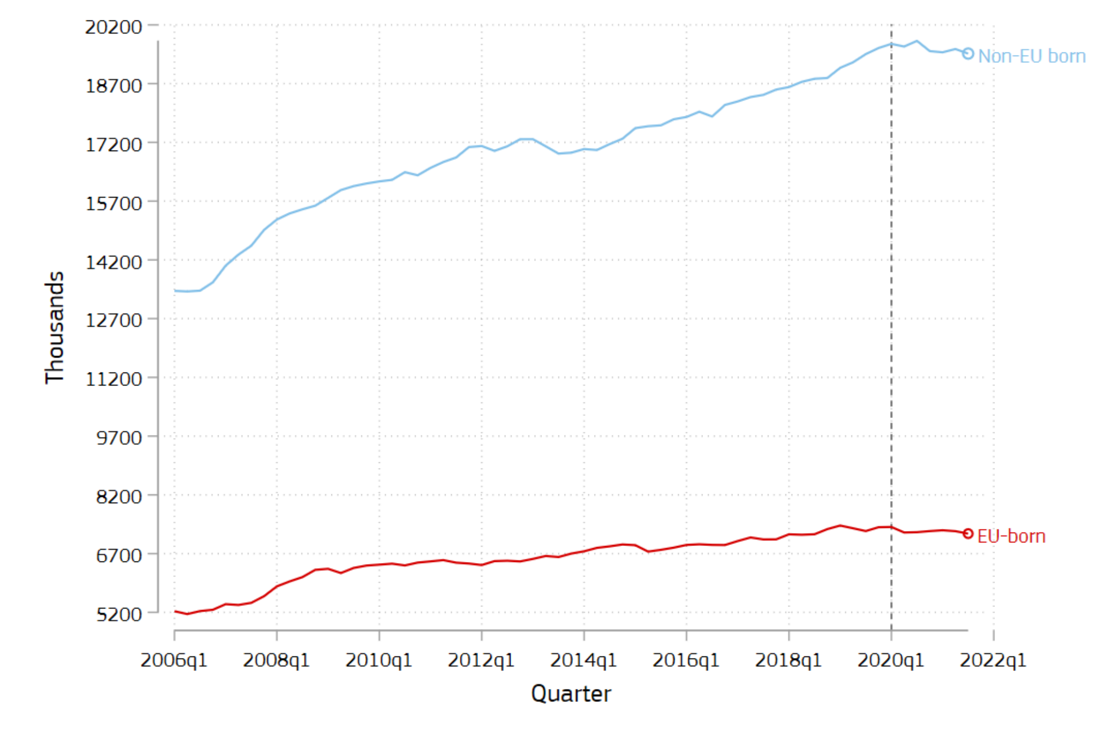


A seemingly technical but important consideration is understanding whether the declines in immigrants' employment rates occurred in the context of a constant or diminishing population. Put differently, it is important to appreciate if migrant workers who saw their job ended stayed in the host country or returned home. In the first case, the drop in employment would be a closer reflection of the true labour market dynamics, while in the other case, it would be an underestimation of the true damage as we would have to consider that the official statistics would be missing those who lost their job and left the Union. In the US, Peri and Zaiour (2022) show that by the end of 2021 there were about 2 million fewer working-age immigrants than there would have been if the pre-2020 immigration trend had continued unchanged.

To shed some light on this issue, in Figure 6 we show the trends in the EU-LFS surveyed population for the entire EU since 2017 for the three origins.[6] In the figure, we can see that the effect of the pandemic on the EU and non-EU born population has been to halt the increasing long-run trend, but the two populations have remained constant at the pre-pandemic levels. That said, the decline in EU born population started before the breakout of the COVID-19 pandemic, roughly after mid-2019. We do not see a similar decline amongst non-EU born.

[6] The European Union Labour Force Survey (EU-LFS) provides population estimates for the main labour market characteristics, as well as important socio-demographic characteristics, such as sex, age, education, household characteristics and regions of residence. EU and Euro area aggregates are calculated aggregating estimated population totals from Member States. For the data expressed in absolute values for each quarter (i.e. number of persons/households) no further Eurostat weighting is used. Rates/ratios are subsequently calculated from the data expressed in absolute values (i.e. number of persons/households). For more details, please consult: EU-LFS (Statistics Explained) - Methodology https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_labour_force_survey_-_methodology

Figure 6. Trends in Immigrant Population



Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

Figure 15 in the Appendix shows the evolution of population shares for both EU- and non-EU born for each Member State. The contraction in population shares rates of EU born has not been even across Member States, but concentrated in few, such as Croatia, Czechia, France, Germany, and Ireland.

5 The Labour Market Effects of the Pandemic: Evidence from Microdata

In this section we present the evidence coming from the micro EU-LFS 2021 data. We focus on the differential in probability of job termination during the first year of the pandemic for the three groups of natives, EU born, and non-EU born. In addition, within each of these groups, we analyse the effect of age (*Section 5.1*), sex (*Section 5.2*), residence in the host country (*Section 5.3*), and sector of occupation (*Section 5.4*) on the probability of job termination.[7]

In each of these sections, we show probabilities of job terminations estimated on the EU-LFS microdata for each group conditional on age, sex, and education of the respondents for all workers who were employed at the beginning of 2020.

For instance, when we present probabilities for men and women these probabilities will take into account that the two groups might have diverse levels of education, or different average ages.[8]

In Table 1, we show a series of descriptive statics for our sample. Among these statistics, we see that the share of jobs that were ended in 2020 in our sample, by country of birth, the number of workers in each origin group and the total size of our sample. In the overall sample, the probability of having one's job ended was 2.75%, but as high as 5.72% for non-EU born workers and 4% for the EU born ones. For comparison, the probability of job termination in 2019 estimated on the earlier wave of the EU-LFS was 1.4% overall, 1.28% for natives, 1.72% for EU born and 2.29% for non-EU born.

[7] With job termination we indicate all job separations that occurred either because a temporary contract ended and was not extended or because of a layoff.

[8] We provide more details on our estimation model in the Appendix.

Table 1. Descriptive statistics of LFS data

	Native	EU-born	Non-EU born
Became unemployed in 2020	0.03	0.05	0.08
	(0.16)	(0.22)	(0.27)
Woman	0.46	0.47	0.42
	(0.50)	(0.50)	(0.49)
Low education	0.15	0.16	0.32
	(0.36)	(0.37)	(0.47)
Middle education	0.55	0.41	0.33
	(0.50)	(0.49)	(0.47)
High education	0.30	0.43	0.36
	(0.46)	(0.49)	(0.48)
Age group:			
15-19 years of age	0.01	0.01	0.01
	(0.09)	(0.10)	(0.10)
20-24 years of age	0.04	0.05	0.09
	(0.21)	(0.21)	(0.28)
25-29 years of age	0.08	0.16	0.16
	(0.27)	(0.36)	(0.37)
30-34 years of age	0.09	0.21	0.23
	(0.29)	(0.41)	(0.42)
35-39 years of age	0.11	0.19	0.19
	(0.32)	(0.39)	(0.39)
40-44 years of age	0.14	0.15	0.14
	(0.34)	(0.36)	(0.34)
45-49 years of age	0.15	0.10	0.09
	(0.36)	(0.31)	(0.29)
50-54 years of age	0.15	0.07	0.05
	(0.36)	(0.26)	(0.21)
55-59 years of age	0.14	0.04	0.03
	(0.35)	(0.20)	(0.18)
60-64 years of age	0.09	0.02	0.01
	(0.28)	(0.14)	(0.11)
Yrs. of residence in country:			
0-5		0.47	0.50
		(0.50)	(0.50)
5-10		0.42	0.40
		(0.49)	(0.49)
More than 10		0.11	0.10
		(0.31)	(0.30)
N	1,047,273	11,529	16,064

5.1 Age

Due to their high prevalence in sectors exposed to the crisis and their high share of temporary contracts, young workers were likely to be particularly vulnerable to the economic and psychological aftermath of the crisis (Konle-Seidl and Picarella, 2021). These vulnerabilities are heightened among young migrant workers (Fasani and Mazza, 2020a, 2020b).

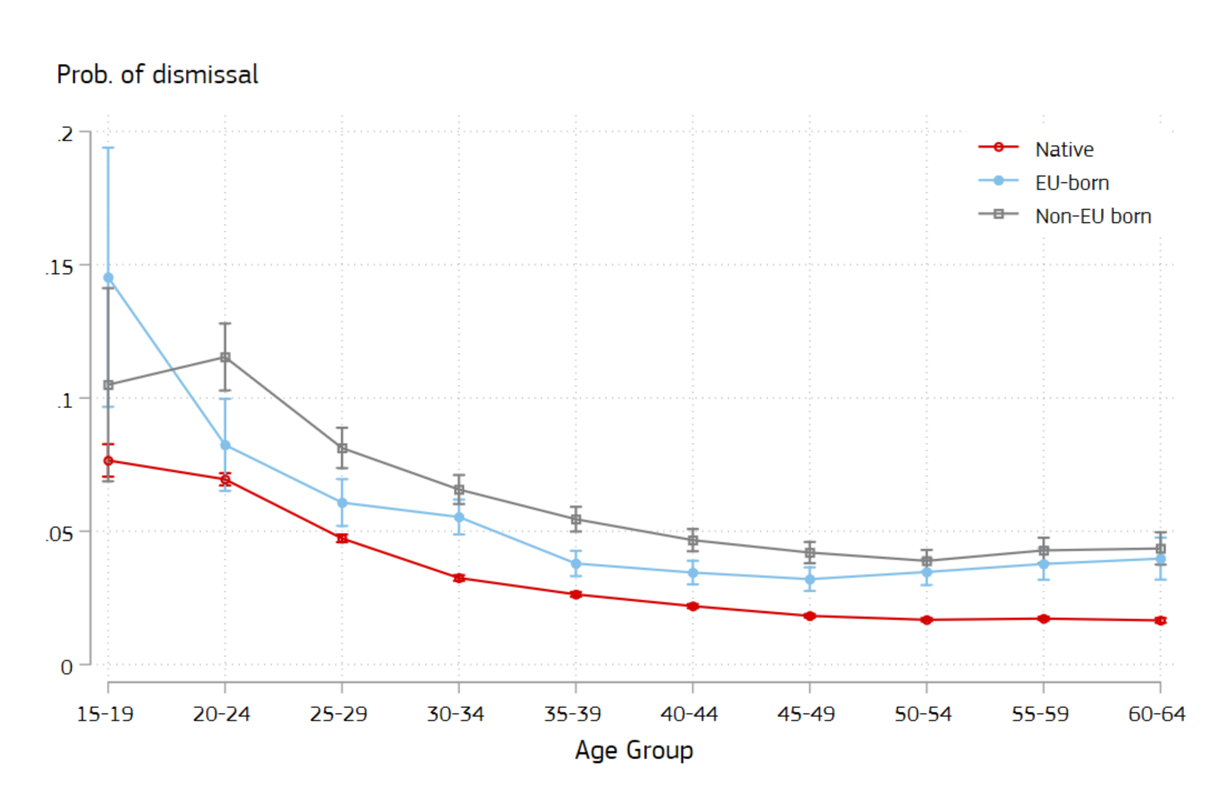
Figure 7 shows that compared to workers in their prime working age (40s and 50s), teenage workers and workers in their early 20s had a probability of job dismissal more than two times larger. This pattern holds for all three groups. In general, the probability of dismissal gradually decreases with age for everyone, and it gets below 5% regardless of the country of birth roughly from the early- mid-40s.

Comparing countries of birth, the predicted probability from our models suggests that there is no difference in the probability of dismissal in the youngest age group (15-19) between natives and non-EU born. However, this is most likely due to the low sample size of non-EU born for this age group, which translates into a large confidence interval. Besides that age group (again, 15-19), Figure 7 clearly displays that non-EU born consistently have higher chances of being let go, with the largest difference between the natives and non-EU born materialising between 20-24 years old.

If we compare natives and EU born, we notice a higher probability of dismissal in the youngest age group, which then disappears between 20 and 24, and then grows larger until 30-34, to finally stabilise. To sum up, natives have consistently the lowest probability of dismissal of the three groups, followed by the EU born, and then non-EU born with the highest probability. Although decreasing with age in all three groups, within every age group, non-EU born migrants display a probability of job termination around twice that of natives. Probabilities for EU born citizens lay somewhere in the middle except for the older cohorts whose risk of job termination resembles more that of the non-EU born migrants than that of natives.

The fact that younger cohorts are those who have experienced the largest risk of job termination might not be surprising, but it is concerning. A mounting body of evidence in the economic literature shows that early labour market experiences in one's career can have long lasting impacts for future economic success (Kahn, 2010; Liu et al., 2016; Schwandt and Wachter, 2019). In the specific case of migrant workers, a negative early experience can hamper future labour market integration (Aslund and Rooth, 2007). These "COVID cohorts" run the risk of suffering from the negative scarring of the COVID recession.

Figure 7. Predicted Probabilities of Being Dismissed in EU27, by Country of Birth



Notes: Each dot represents the predicted probability of job loss for natives, EU- and non-EU born workers by age group, estimated from the model described in the appendix. The bars represent the 95% confidence intervals.

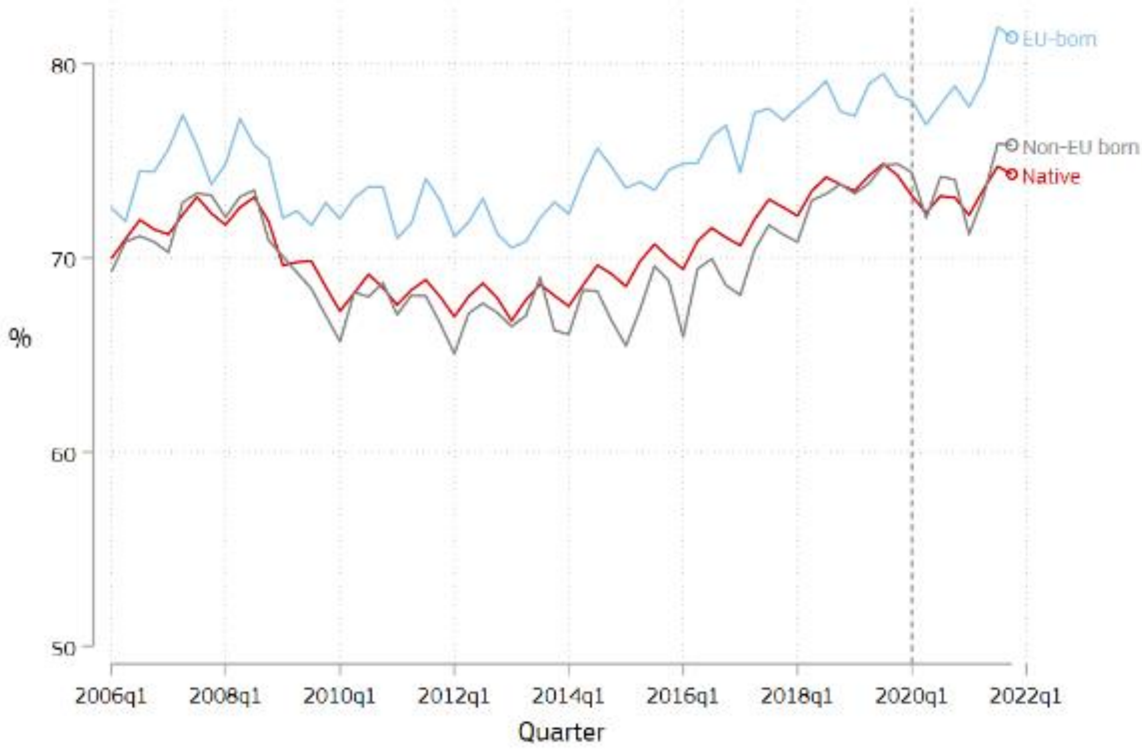
5.2 Gender

Figure 8 and Figure 9 enable us to appreciate how uneven the contraction in labour market integration has been between men and women.

Starting with men, we notice that, after the end of the 2000s, the gap between EU born on the one hand, and natives and non-EU born on the other, has been approximately constant. While EU born men have consistently shown substantially higher employment rates, the lines for natives and non-EU born almost overlap.

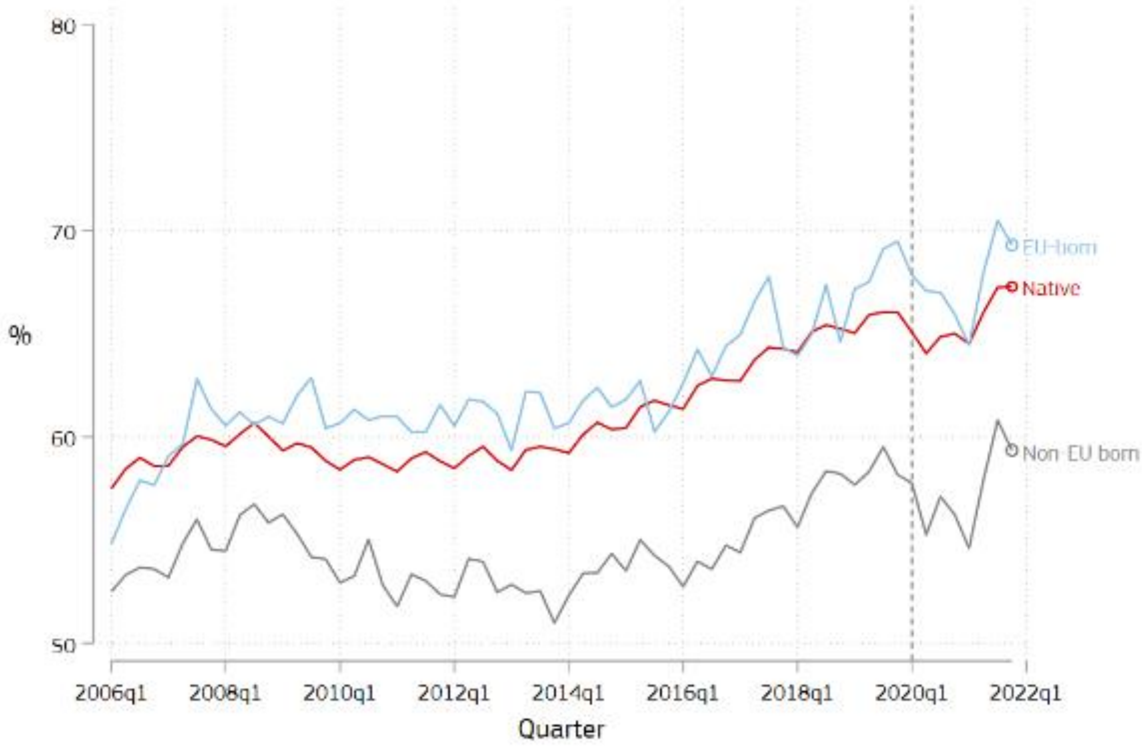
The overall employment rate trends among women have been quite different. While the trend-lines for EU born and natives overlap largely, non-EU born women tend to display much lower employment rates. Looking closely at the trends for women during the pandemic, we notice that the largest dip - between the last quarter of 2019 and first quarter 2021 - in both absolute and relative terms seems to be among EU born and non-EU born women.

Figure 8. Men's Employment Rates



Source: Eurostat. Notes: When processing Eurostat data, we selected the age group 15-64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

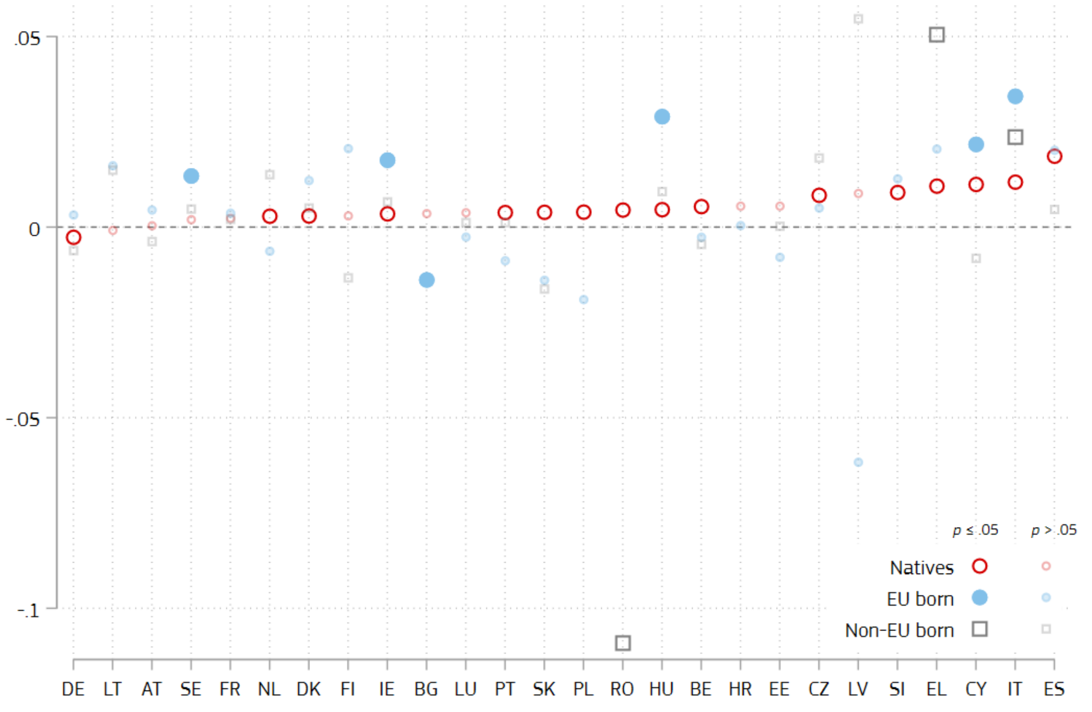
Figure 9. Women's Employment Rates



Source: Eurostat. Notes: When processing Eurostat data, we selected the age group 15-64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

The effects of the "COVID recession" on women vs men's employment were expected to differ from those of "normal" recessions (Alon et al., 2020). If in recent recessions (e.g. the 2008 great recession), the sectors most heavily affected were men dominated such as manufacturing, and this recession was biting in sectors at high women employment shares such as retail and hospitality. Furthermore, this crisis had effects that transcend the economic sphere. School closures increase the childcare burden in the family and this burden was likely to fall disproportionally on women's shoulders (Del Boca et al., 2020). In Figure 10 we analyse whether this crisis has had differential impacts on the probability of job termination between men and women for each member state and birth country. Positive values mean that women have higher probabilities of losing their job compared to men, and vice versa for negative values. We also differentiate between statistically significant (e.g. $p \leq 0.05$) and statistically insignificant differences by showing the former fully coloured while the latter are transparent.

Figure 10. Difference in Probabilities of Job Loss of Women vs. Men, by Country of Birth



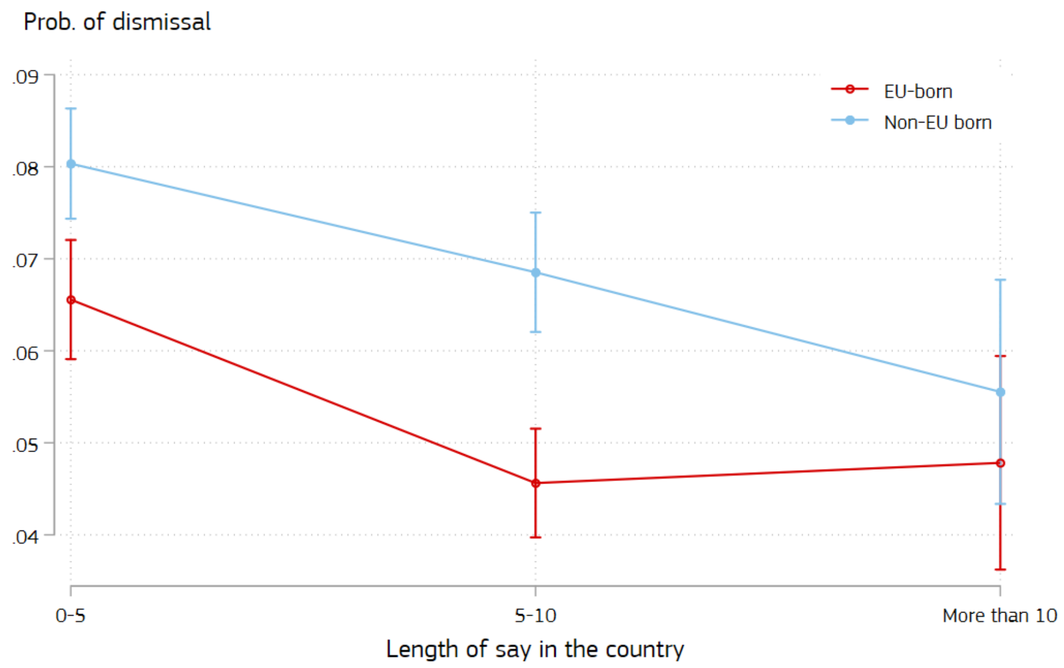
Notes: Each dot represents the estimated effect of being a women compared to men, for each country (on the horizontal axis), derived from the regression described in the Appendix. Solid colours indicate statistical significance at the 95% level, while transparent colour indicates insignificance at the same level. Standard errors robust to heteroscedasticity.

In most EU member states, women faced higher probabilities of losing their jobs compared to men (empty red dots), disregarding their countries of origin. The only statistically significant exception is Germany for natives and Bulgaria for EU-born. Amongst EU born, women had higher probabilities of losing their jobs compared to men in Sweden, Ireland, Hungary, Cyprus, and Italy. Finally, there are only two countries where we observe statistically significant differences between women and men, namely Greece and Italy, and again women have higher probabilities of being dismissed than men. With the exception of Greece and Italy, we do not estimate any statistically significant difference between non-EU born men and women in the other Member States.

5.3 Length of stay in the country

Figure 11 plots the predicted probabilities of losing employment (on the vertical axis) depending on lengths of stay in the country (on the horizontal axis), for both EU (in red) and non-EU born (in blue). There is a distinctively higher probability of dismissal for non-EU born compared to EU born when the length of stay in the destination is below 10 years old. When the length of stay is above 10 years, there is no longer any statistical difference in the probability of dismissal between EU- and non-EU born.

Figure 11. Probability of Job Loss in 2020, by Country of Birth



Notes: Each dot represents the predicted probability of job loss for EU and non-EU born workers by length of stay in the host country estimated from the model described in the Appendix. The bars represent the 95% confidence intervals.

Besides the comparison based on country of birth, it is also interesting to reflect on the meaning of the two different trajectories. In the case of EU born, we notice a sharp drop in the probabilities of being dismissed when switching between below 5 years in the country to 5-10 years in the country. In the case of non-EU born, the slope is more linear, meaning that the 5-year cut-off does not represent an abrupt change in the probabilities of being dismissed. Indeed, only the predicted probabilities of those having spent more than 10 years in the destination country differ significantly from those who spent under 5 years. While the Directives regulating rights and obligations for these two groups differ[9], and the actual LFS measurement is an imperfect proxy of the 5 years thresholds enshrined in both Directives, the gulf displayed in Figure 11 between EU- and non-EU born would warrant further investigation.

In this vein, and in the light of the disproportionate toll paid by women during the pandemic as the previous section showed, it is worth looking at how the length of stay intersects with both the country of birth and gender.

Figure 12 describes the trends in employment rates by sex and large groups of country of birth between recent immigrants (less than 5 years) and the total of immigrants surveyed in the EU-LFS from 2008 to 2020. Trends are displayed here for the aggregate EU-27 (while Figure 17 and Figure 18 in the Appendix shows trends by single Member States)[10].

A first overall observation is that, within the immigrant workforce too, male workers record higher employment rates than female workers across all categories. Further, the graph for the aggregate EU27 shows that, in the case of non-EU women, the gap between the total immigrant workforce and the recent immigrants has been consistent and has broadened, especially in the aftermath of the so-called 'migrant and refugee crisis' and

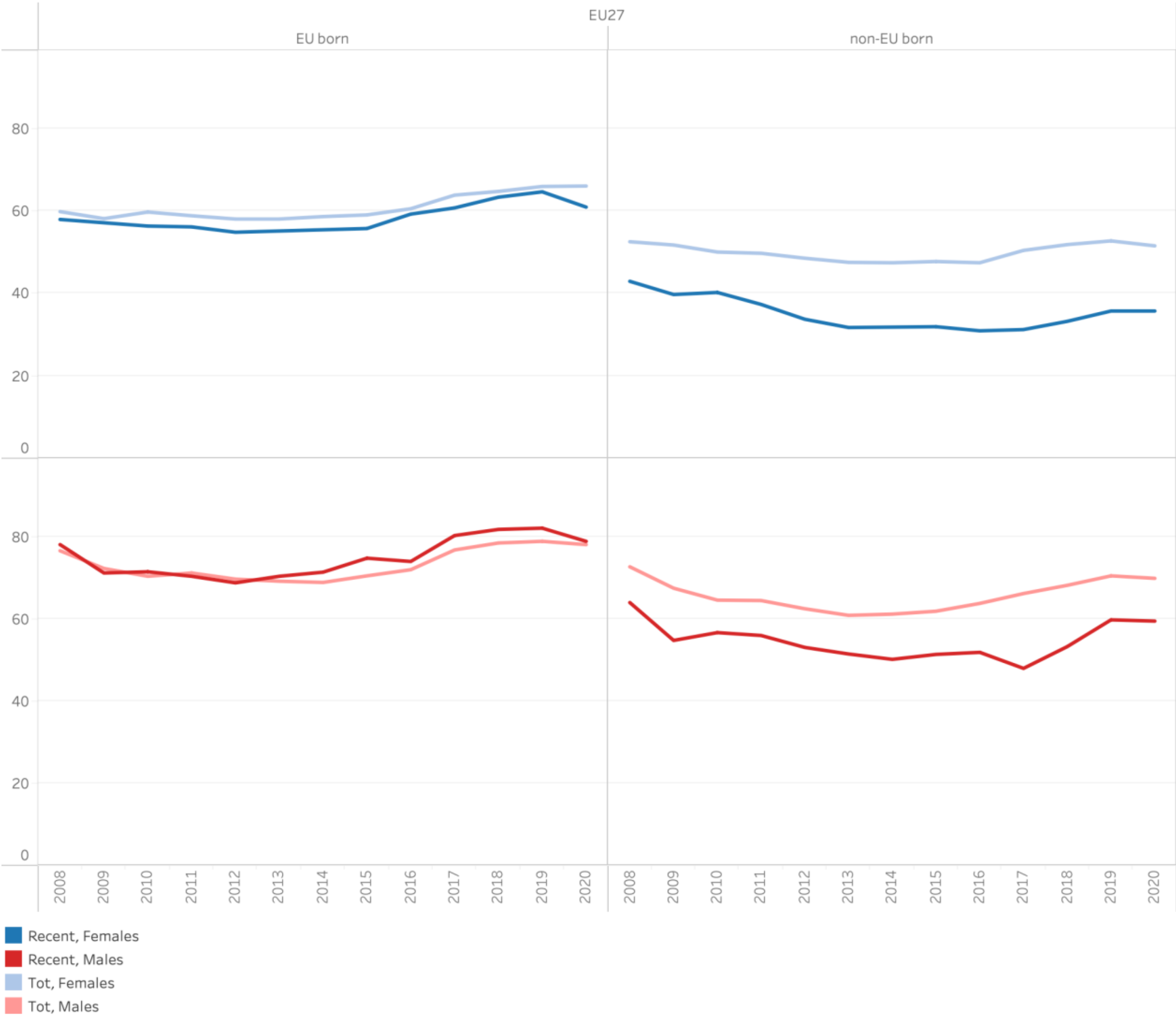
[9] For EU nationals, the key Directive in this regard is https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02004L0038-20110616; for TCN is https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32003L0109.

[10] Data elaboration from the databases *Employment rates by sex, age and country of birth (%)* (lfsq_ergacob) and *Employed recent immigrants by sex, age and country of birth* (lfst_rimgecga). As explained by Eurostat, EU-LFS estimates for a given reference period have full internal coherence, as they are all based on the same corpus of microdata; this includes whenever annual estimates are produced as average of quarterly results, as in the case of this elaboration. Member States were excluded because of lack of data for several years.

during the pandemic. In the case of EU born women, the pandemic seems to have started a diverging trend between the total immigrant workforce and the recent immigrants. In the case of male non-EU, the gap had widened in the aftermath of the 'migrant and refugee crisis' for recent immigrants, but in the years 2019-2020 it returned to the same - rather consistent - span of the previous years.

Looking at Member States (Figure 17 and Figure 18 in the Appendix) non-EU recent immigrants, both female and male, tend to record lower employment rates than the total immigrants, with a few notable exceptions (for females: CY, MT; for males: DK, IE, LU, SI). In the case of EU born, there is much more overlapping by length of stay. Keeping the focus on the EU born, the pandemic seems to have penalised particularly recent immigrants' participation in the labour market in the case of males in AT, GR; females in CY, CZ, DK, IT, MT, SE; both sexes in ES. Turning to non-EU born, during the pandemic the gap between the total surveyed immigrants and recent immigrants have broadened in the case of males in AT, CY, CZ, FR, NL, SE; females in GR, IE, LU; both in BE, ES, IT.

Figure 12. Employment Rates Recent Immigrants vs Total Immigrants by Sex, 2008-2020



Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

5.4 Sectors

The impact of COVID has been felt in certain sectors of the economy more than others. In general, industries that depend on movement of people (i.e., hospitality), or personal interaction (i.e., retail trade) were those whose activities had to be halted at the peak of the crisis with obvious repercussions on their employment levels.

Workers in these industries are often low qualified and young. Being on average low skill, these industries also tend to occupy large numbers of non-EU born providing a first point of entrance for them in the labour markets of the host countries.

We now look at the size of job losses in each sector and put it in relation to the shares of migrant labour. We also show the differential probability of job termination within each sector by country of birth.

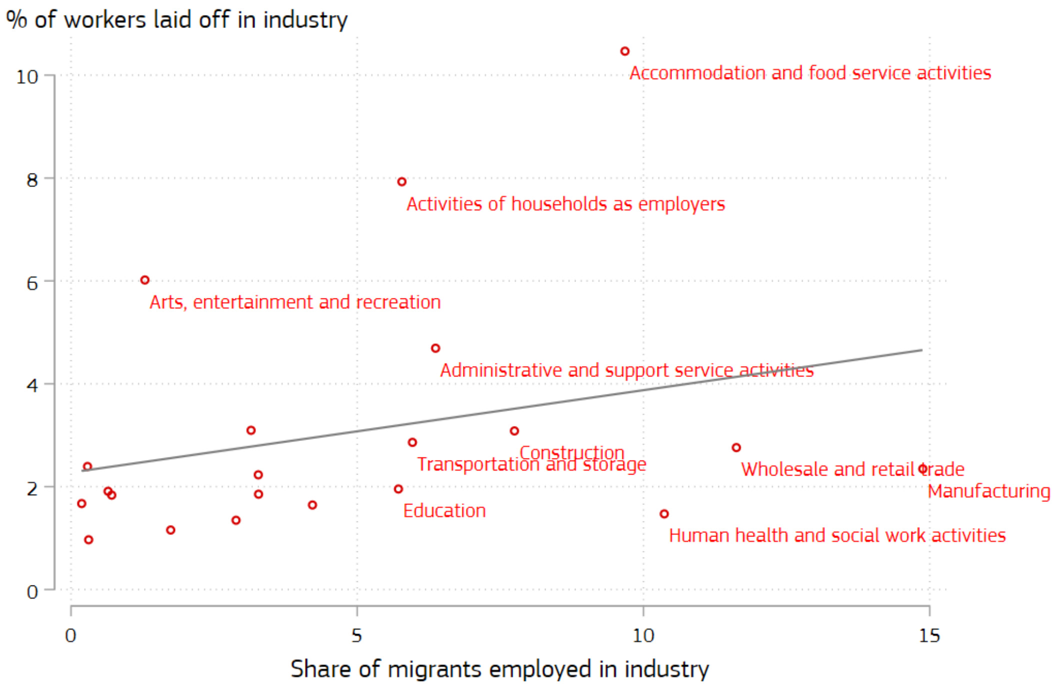
In Figure 13, using the NACE classification, we show in a scatterplot the share of job lost in each industry and the share of non-EU born in the same industry. In the figure, we have highlighted those industries who suffered particularly large losses and those who employed a particularly high share of migrants. The three industries who experienced the largest haemorrhage of workers are “Accommodation and Food Services”, “Activities of the Households", and "Arts and Entertainments". More than 6% of those who were employed at the beginning of the year in one of these three sectors had their job ended in 2020. This share is as high as 10% in the case of the "Accommodation and Food Services" sector. This is more than four times the general share of job losses in the economy. These are all sectors in which personal interaction is necessary and most tasks cannot be performed remotely.

Although the three sectors more reliant on migrant workers – "Manufacturing", "Wholesale and Retail Trade", and "Human Health and Social Work Activities" – were not particularly affected by the pandemic in terms of employment loss, the line of best fit that we draw in grey in the figure shows that there has been a positive correlation between the share of migrant labour in an economic sector and the percentage of workers who lost their jobs in that sector.

Therefore, part of the reason migrants were more likely to withstand the worst of the economic fallout of the pandemic was that they were more likely to be concentrated in sectors highly affected by economic disruptions and policy restrictions.

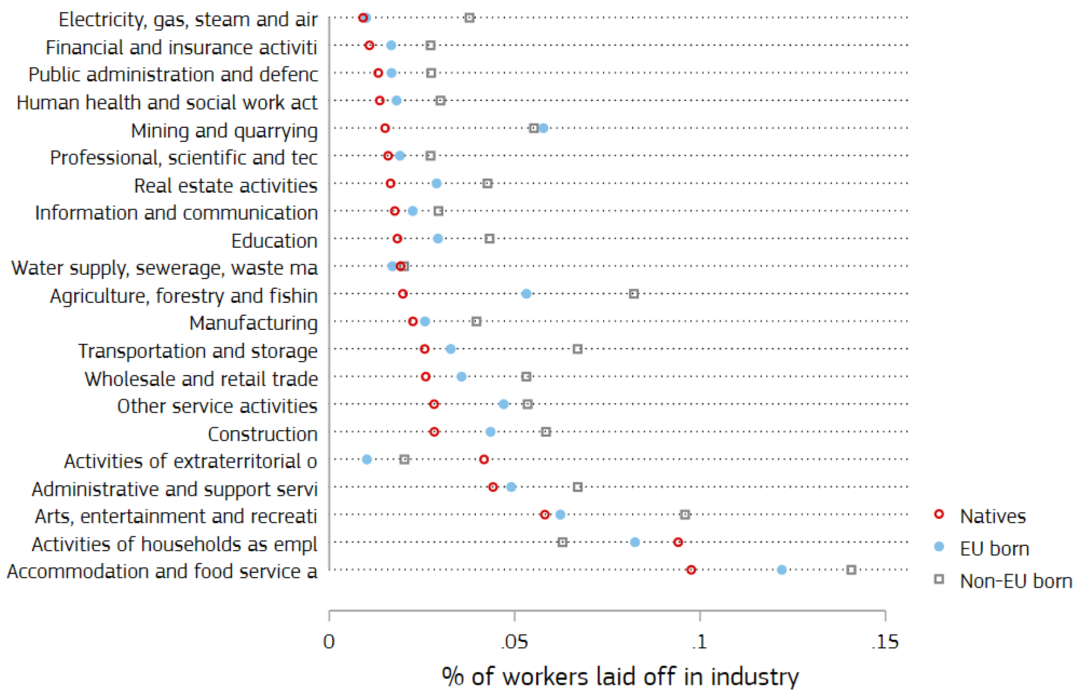
However, the differential sorting across sectors is only part of the story. In Figure 14 we show that even within sectors, non-EU born immigrants were, usually, the ones experiencing the highest percentage of job losses. The gap is particularly large in "Agriculture" and "Accommodation and Food Services" where it reaches and exceeds 5%. The risk of job loss for EU born workers is, as often, somewhere in between that of natives and that of non-EU born. The only exception to this picture were "Mining and Quarrying"," Activities of extraterritorial", and "Activities of the households". Migrant workers faced a double threat. They were concentrated in sectors with a high share of job terminations, and within sectors they were more likely to be dismissed from compared to both EU born and natives.

Figure 13. Share of Layoffs and non-EU Born Workers by Economic Sector



Note: Each dot represents the share of workers whose job was terminated in 2020 in each sector (NACE 1 digit) and the share of non-EU born in that sector.

Figure 14. Share of Workers Laid Off, by Economic Sector and by Country of Birth



Note: Each dot represents the share of workers whose job was terminated in 2020 in each sector (NACE 1 digit), by country of birth.

6 Conclusions

The COVID-19 pandemic marked an historic low point for European labour markets. As an instructive comparison, within the first two quarters of 2020 European labour markets experienced a contraction half the size of what seen during the Great Recession in a fraction of the time. In that context, immigrants in general saw their integration into the labour markets worsening more compared to natives, and non-EU born immigrants more than EU born.

As in the past, such declines were not evenly spread across the immigrant population but affected some segments more than others. Younger age groups, women, and recently arrived, all saw their labour market integration degrading more than their peers. In addition, the economic sectors where immigrant tend to concentrate relatively more were not only the sectors that experienced some of the worst job losses, but non-EU born immigrants within those sectors were more likely to lose their jobs compared to natives as well as EU-born.

While the rebound in labour market terms has been as impressive as the drop - as by roughly July 2021, most indicators were back in line with pre-pandemic trends - this should not mask the severity of the contraction experienced by immigrants in disproportional terms. Further, we should not mistake the snapshot emerging from labour market data as a thorough depiction of the extent to which the pandemic may have affected immigrant workers. Many other consequences are, in fact, not reflected in the statistics, such as the psychological distress of losing one's job, or the uncertainty on one's own legal status considering that being employed is for many immigrants a precondition for renewing a residence permit.

On these latter issues, Member States granted equality of treatment when it came to access to healthcare for non-EU immigrants. In addition, while imposing lockdowns and closure of businesses and industries, most EU Member States adopted a fair degree of leniency in enforcing their rules on matters of access to and renewal of residence permits, visas and temporary authorisations of stay. For example, several Member States were flexible in the application of the text of the law or provided for automatic, if short-termed, extension of residence permits. This contributed to preventing non-EU born immigrants from falling into an irregular status because of the pandemic. Similarly, most Member States granted non-EU born employees and employers equal access to measures aimed at preserving jobs and protecting workers from loss of income, as well as unemployment benefits (Sommarribas and Nienaber (2021); EMN and OECD (2020)).

However, it is important to underline the following considerations. First, these measures varied extremely in duration and scope across Member States. Second, in most Member States access to unemployment benefits depends on age and a certain level of contributions to the insurance scheme. Third, there were no amendments to the laws regulating the withdrawal of residence permits due to loss of employment or drop of earnings. Against this background, in-depth investigation at Member State level is needed to assess the extent to which the described measures effectively contributed to safeguarding non-EU workers during and, especially, in the aftermath of the COVID-19 pandemic.[11]

In conclusion, when it comes to the effective inclusion of migrants and EU citizens with a migrant background into the labour market, the analyses of this Technical report offer further evidence that the post COVID-19 recovery needs a combination of mainstreamed and targeted policies. As already indicated in the Action plan on Integration and Inclusion 2021-2027[12], cooperation at EU, national and local level between key labour market actors is critical to minimise scarring and provide continuous support to upskilling and reskilling, with a focus on digital skills, job-to-job transitions, high-quality Vocational Education and Training, access to financing for entrepreneurs. Similarly, this multi-stakeholder approach appears even more crucial to implement measures tailored to address the needs of the most vulnerable groups.

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[11] For further details, see the EMN Ad Hoc Queries: *2020.27 COVID-19 pandemic crisis and unemployment of TCNs*, launched on 27 April 2020, and EMN Ad Hoc Query, *2020.23- Responses to COVID-19 in the legal migration area*, launched on 8 April 2020; *2020.42- Mitigating impacts on migrants and their family members residing in the EU and Norway*, launched on 12 June 2020, accessible at https://ec.europa.eu/home-affairs/networks/european-migration-network-emn/emn-publications/emn-ad-hoc-queries_en

[12] Action plan on Integration and Inclusion 2021-2027, COM(2020) 758 final, pp. 11-13.

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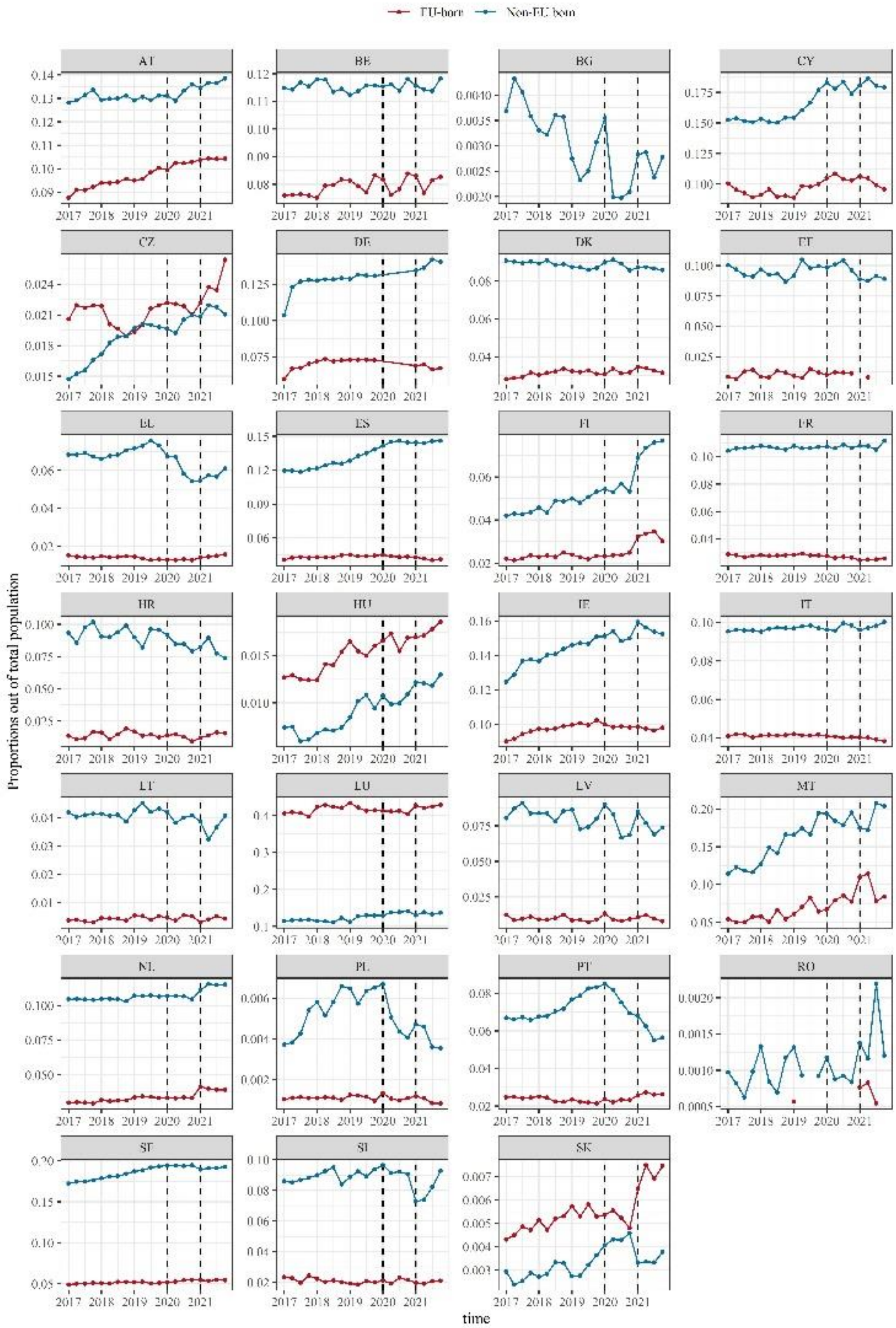
Appendix

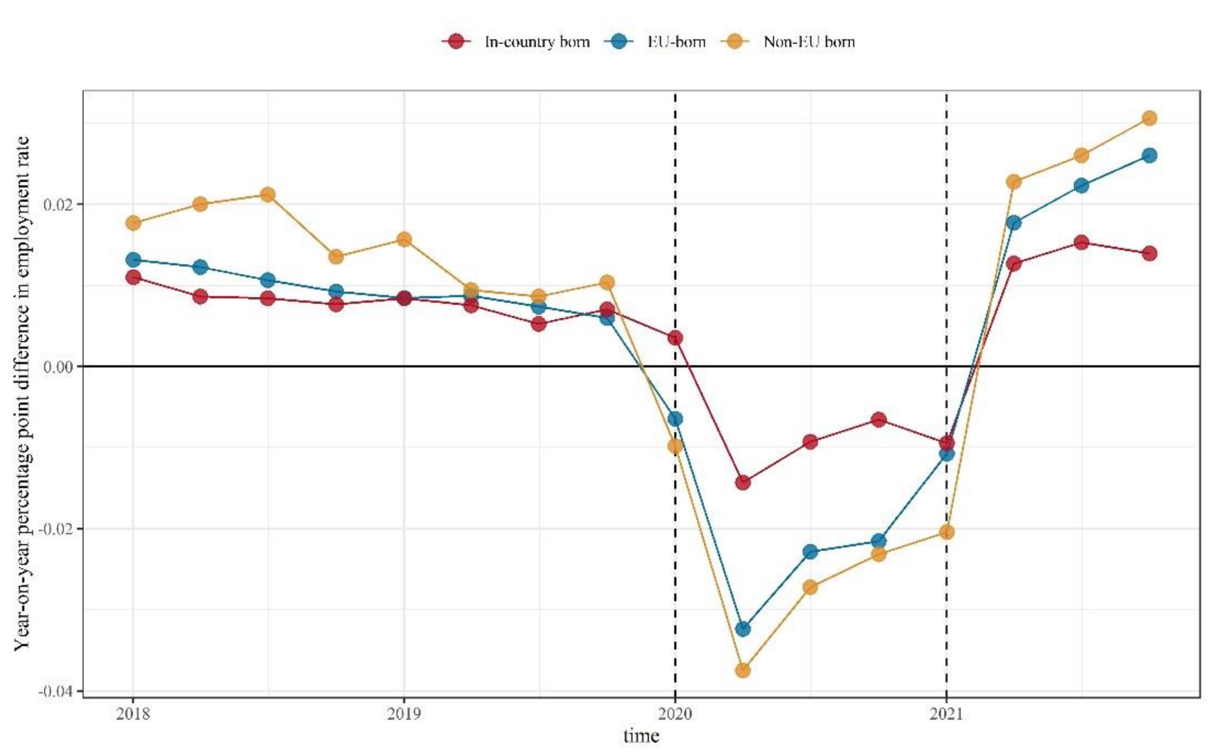
Appendix A: Additional figures

Figure 15. Trends in Immigrant Population, EU and Non-EU Born, by Member State



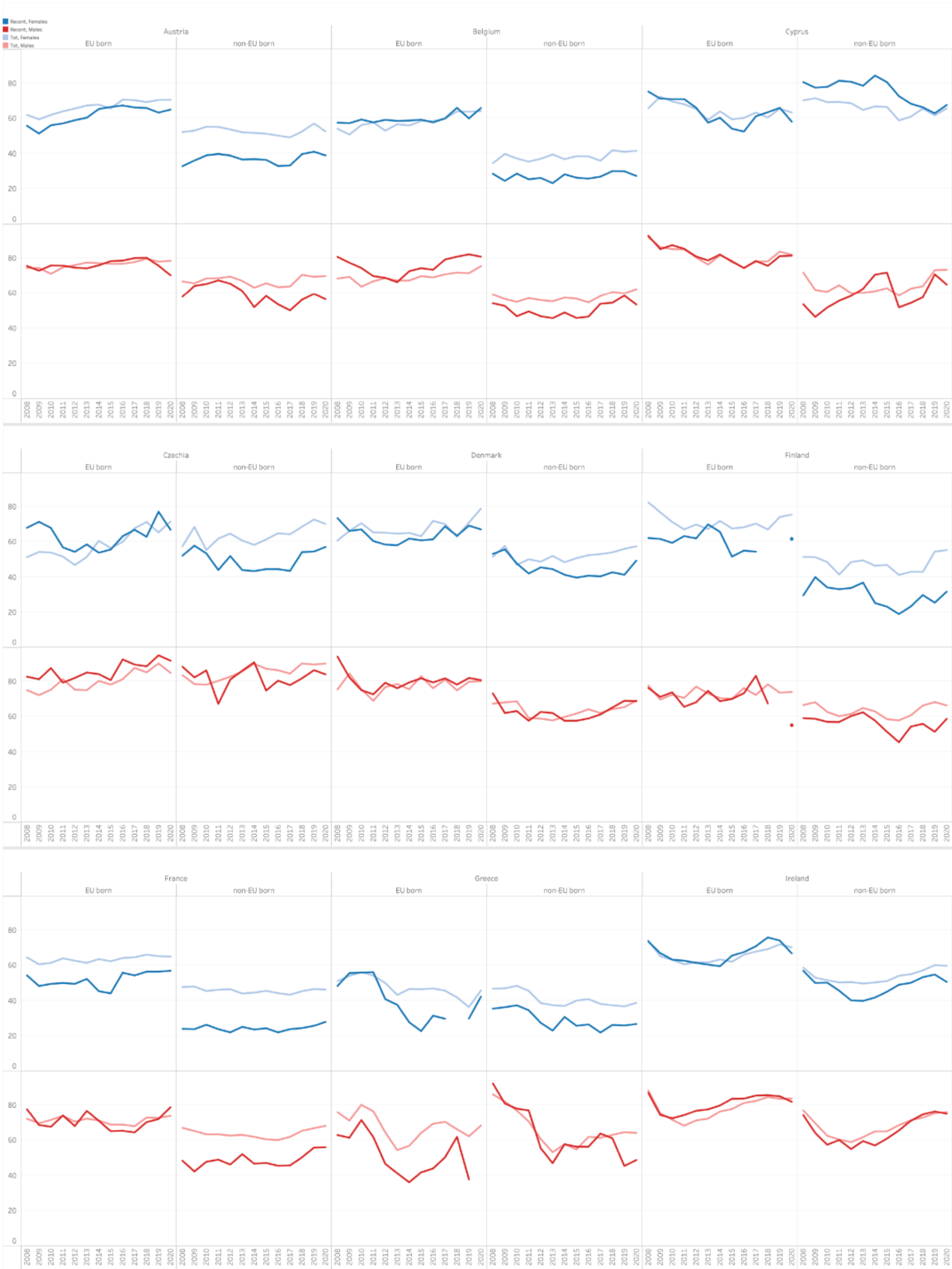
Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64.

Figure 16. Year-on-Year Percentage Point Difference in Employment Rates, by Country of Origin



Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64.

Figure 17. Employment Rates Recent Immigrants vs Total Immigrants by Sex, 2008-2020, by Member State (1)



Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

Figure 18. Employment rates of recent immigrants vs total immigrants, by sex, 2008-2020, by member state (2)

Source: Eurostat. Notes: When processing Eurostat data, we selected both men and women, aged between 15 and 64. Bulgaria, Romania, and Germany excluded because of, respectively, missing data and incomplete time series.

Appendix B: Econometric Estimation

We estimate the probabilities of job termination with a Linear Probability Model taking the form:

$$\Pr o\, b(y_i = 1) = \alpha_i + \beta x_i + \gamma o_i + \eta(p_i \times o_i) + \nu_c + \epsilon_i$$

Where y_i is an indicator variable taking value 1 when the individual's (i) job was ended in the course of 2020, x_i is a vector of personal characteristics that always includes sex, age and education, o_i are dummies indicating the origin of the individual (i.e., native, EU born, or non-EU born) which depending on the specification is interacted with the characteristic of interest (e.g., sex in Section 5.1). To conclude,ν_c are country fixed effects and ϵ_i is an idiosyncratic error term. We compute standard errors robust to heteroskedasticity in all regressions.

In Section 5.3, we include also dummies for the years of residence in the country. As this variable is defined only for non-natives, the regression is estimated on the sample of EU and non-EU born only.

Appendix C: Eurostat definitions

Eurostat defines employment rate as

> The employment rate is the percentage of employed persons in relation to the comparable total population. For the overall employment rate, the comparison is made with the population of working-age; but employment rates can also be calculated for a particular age group and/or gender in a specific geographical area (for example the males of age 15-24 employed versus total in one European Union (EU) Member State).[13]

Eurostat defines unemployment rate as

> The unemployment rate is the number of people unemployed as a percentage of the labour force.[14]

Eurostat defines recent immigrants as:

> Foreign born persons or persons with a nationality different to the country of residence who have been resident five years or less in the reporting country.[15]

[13] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Employment_rate
[14] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Unemployment
[15] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_labour_force_survey_-_methodology#Other_concepts_and_definitions

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