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Looking beyond the emotion: migration's impact and economic opportunity

Research findings across 232 countries and implications for businesses

March 2017

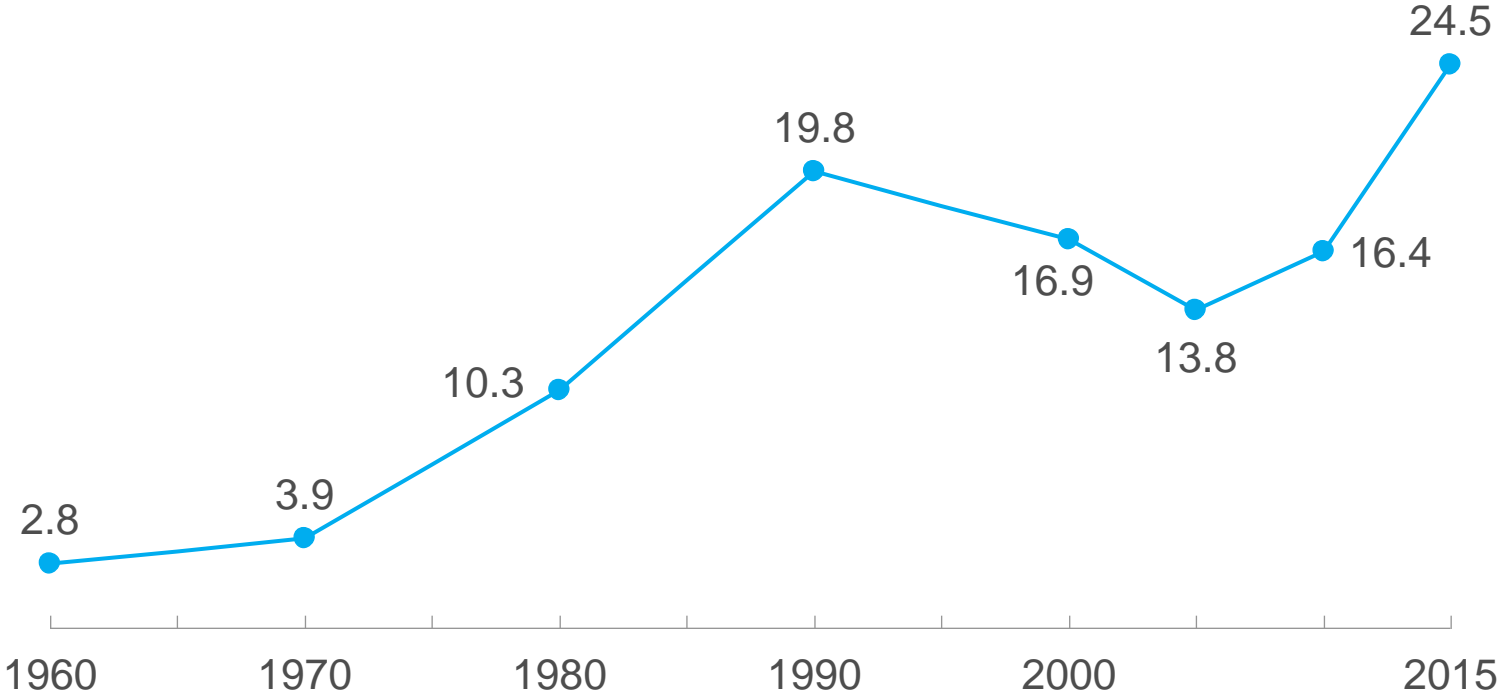
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What the media talks the most about: uptrending of refugees and asylum seekers

Global refugees and asylum seekers
Million



4 of the top 5

global migrant increases from 2010-2015 were forced migrations:

- Syria to Turkey
- Syria to Lebanon
- Syria to Jordan
- Sudan to South Sudan

What if we look beyond our emotion? Refugees are *just 10%* of total migrant population



International travel arrivals
429 million



People living outside home country
247 million



Cross-border workers
30 million



Refugees
25 million

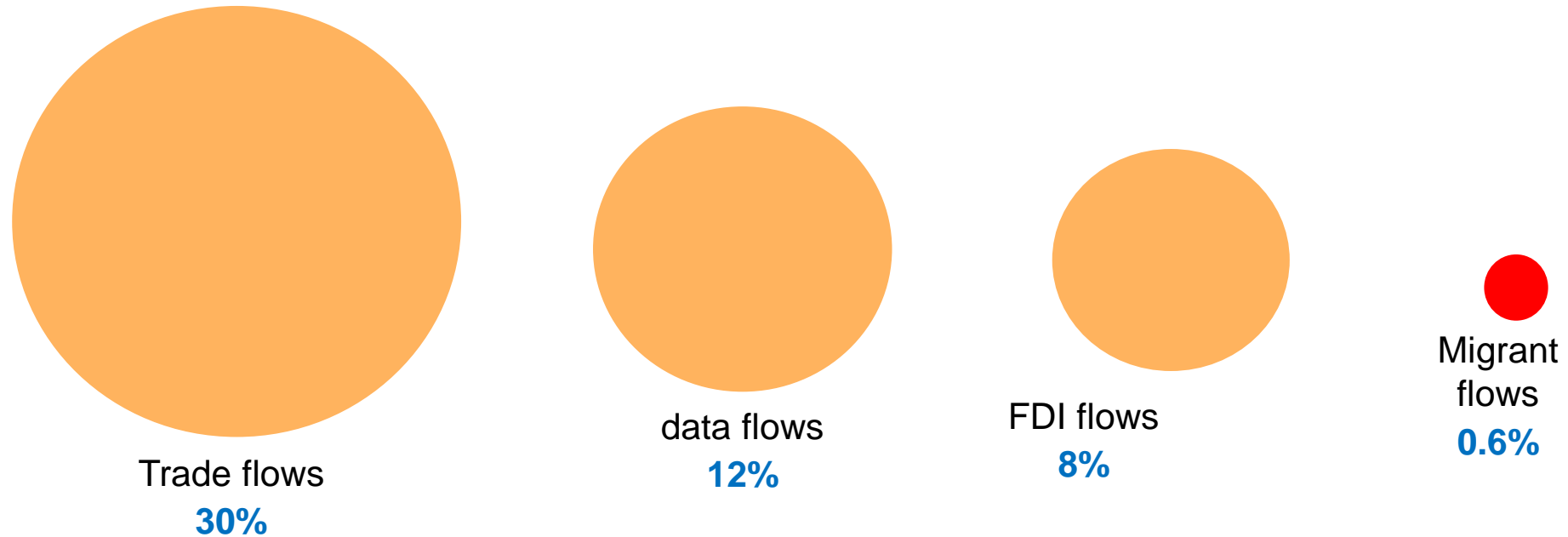


Students studying abroad
5 million

NOTE: Numbers adjusted to account for overlap between platforms and for individuals making multiple international trips in the same year

SOURCE: IMF; Google search; AliResearch; US Department of Commerce; OECD; World Bank; McKinsey Global Institute analysis

What if we look beyond our emotion? People are *rather immobile*



NOTE: flow in percentage of value; data is proportion of bits; FDI in proportion of investment, and migrant in proportion of population

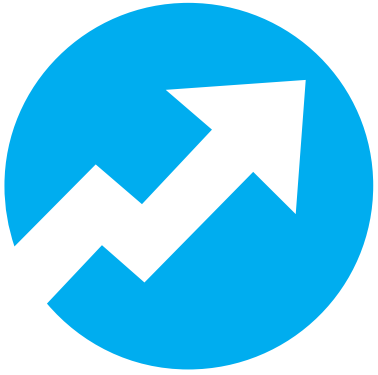
SOURCE: IMF; Google search; AliResearch; US Department of Commerce; OECD; World Bank; McKinsey Global Institute analysis

The bottom-line: Cross-border migration *boosts global productivity* and *further gains are possible* by improving migrant integration outcomes



247M

cross-border migrants
in 2015



9%

or **\$6.7 trillion**
of global GDP contribution



\$800B-\$1T

Potential increase in global
GDP by improving integration
along three holistic
dimensions

3-3.5%

of global population
from 1960 to 2015

4%

or **\$3 trillion** more GDP than
if they stayed in their origin
countries

A matter of choice: 90% of migrants *are voluntary and long term*, and most are low- and medium-skilled

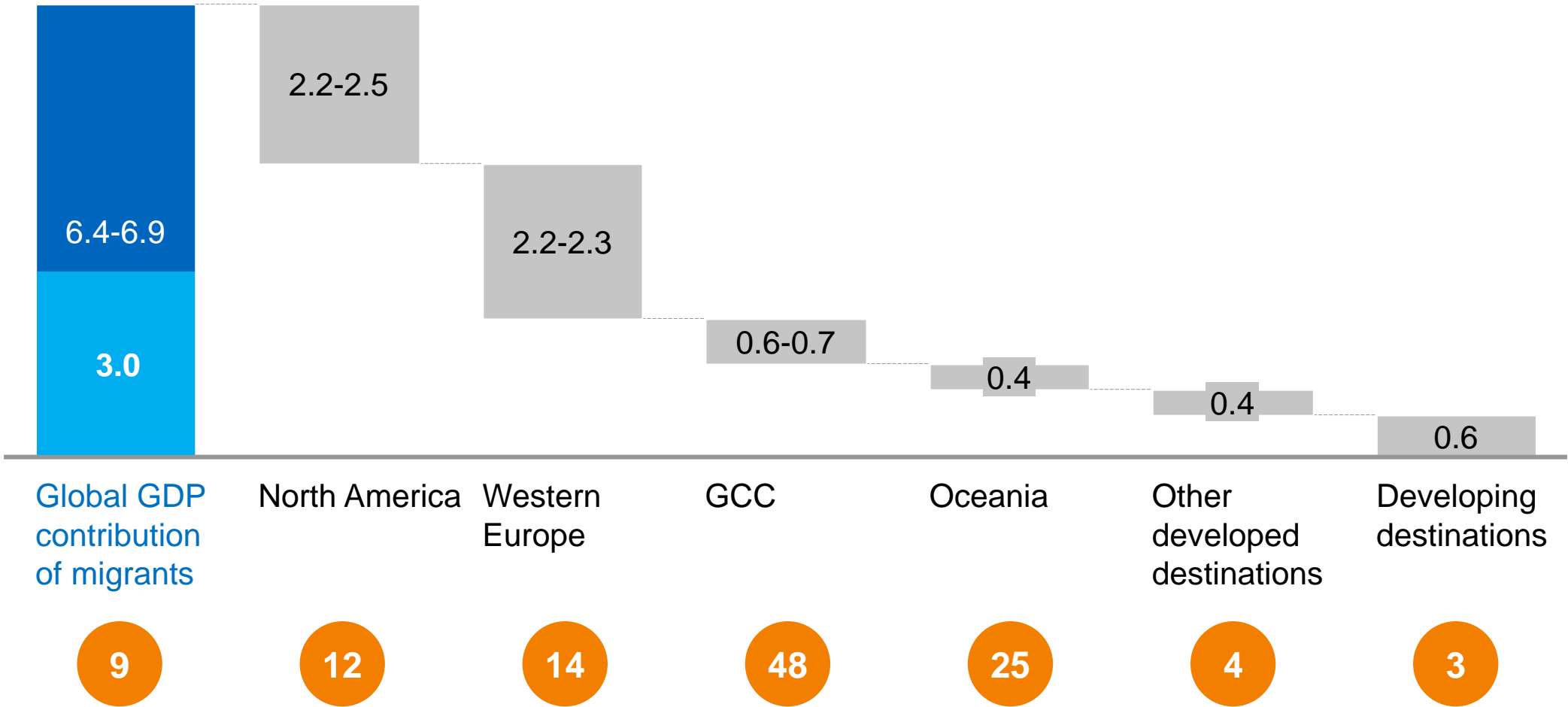
Global migrant population by type
2015

Reason	Duration	Skill level	Number of migrants Million	Share of total %
Voluntary	Long term	High	52-58	22
		Medium/low	127-140	54
	Short term	High	6-7	2
		Low	22-24	9
		Circular	Low	4-5
Refugees and asylum seekers		Mixed	24-25	10

A trillion opportunity: Migrants boost *global productivity* and all major destinations benefit

Migrant contribution to global GDP
USD Trillion, 2015

Incremental compared to if migrants did not move



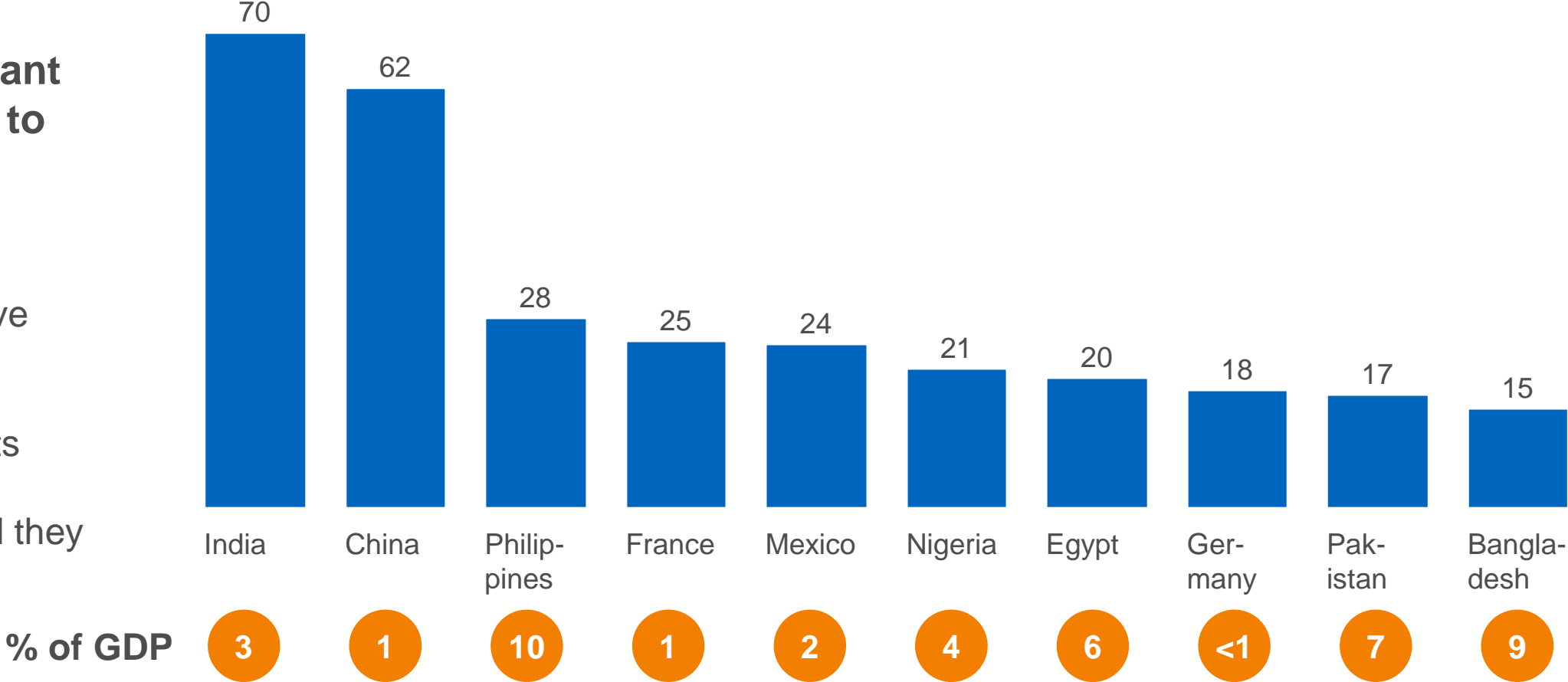
The other mirror face of people flows: Origin countries are significant *beneficiaries from remittances*

\$580B

of annual migrant remittances or **8.9%** of migrant contribution to global GDP

Developing countries receive **~50%** of what migrants may have contributed had they not moved

Top 10 recipients of remittance outflows
USD billion, 2014



No pressure: Migrants *have low or no impact on native employment or wages*, except under specific conditions

40+

studies reviewed indicated **little to no** impact except under specific conditions...

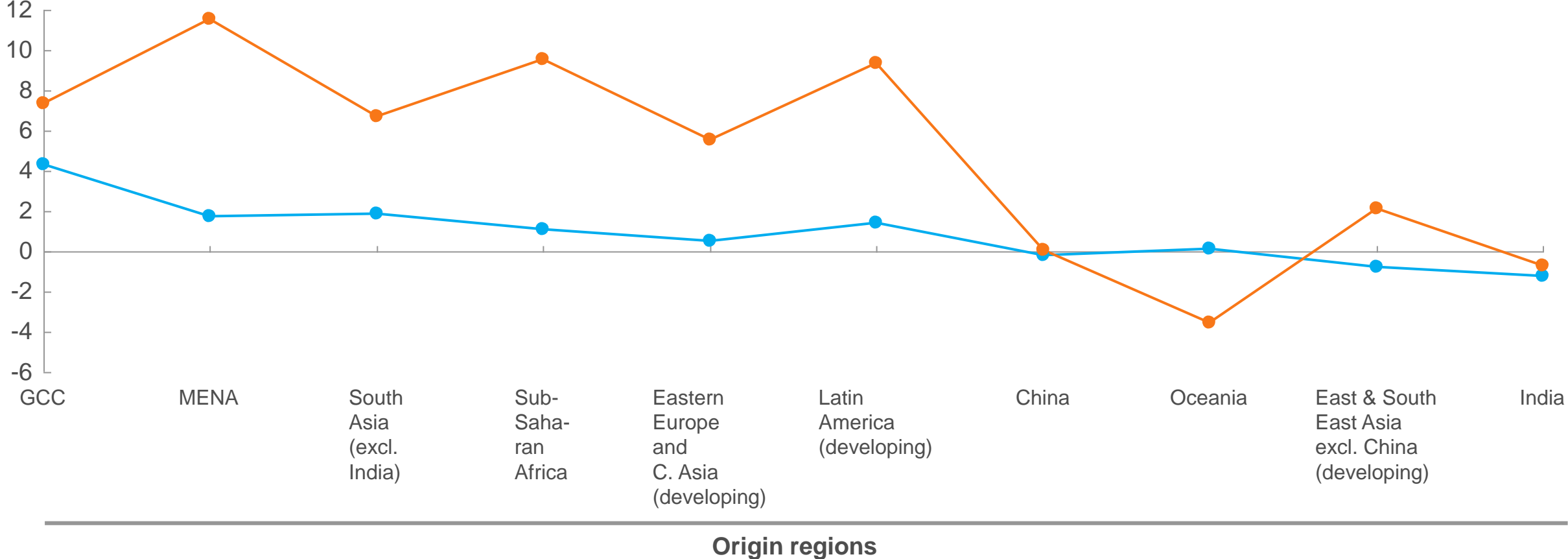
Conditions enabling negative impact

- When migrants are **close substitutes** for native workers (e.g., high-school leavers, earlier waves of similar migrants)
- In the **short term**, when other factors of production cannot adjust
- In a **small region** seeing a substantial influx of migrants
- **During downturns** where the economy cannot create new jobs quickly enough to leave native employment unharmed

Not everyone equal: *Migrants from some origin regions perform better* than others in terms of unemployment

Unemployment rate of migrants vis-à-vis natives
% of labor force; average across 2000, 2005, and 2010

● In North America and Oceania
● In Western Europe

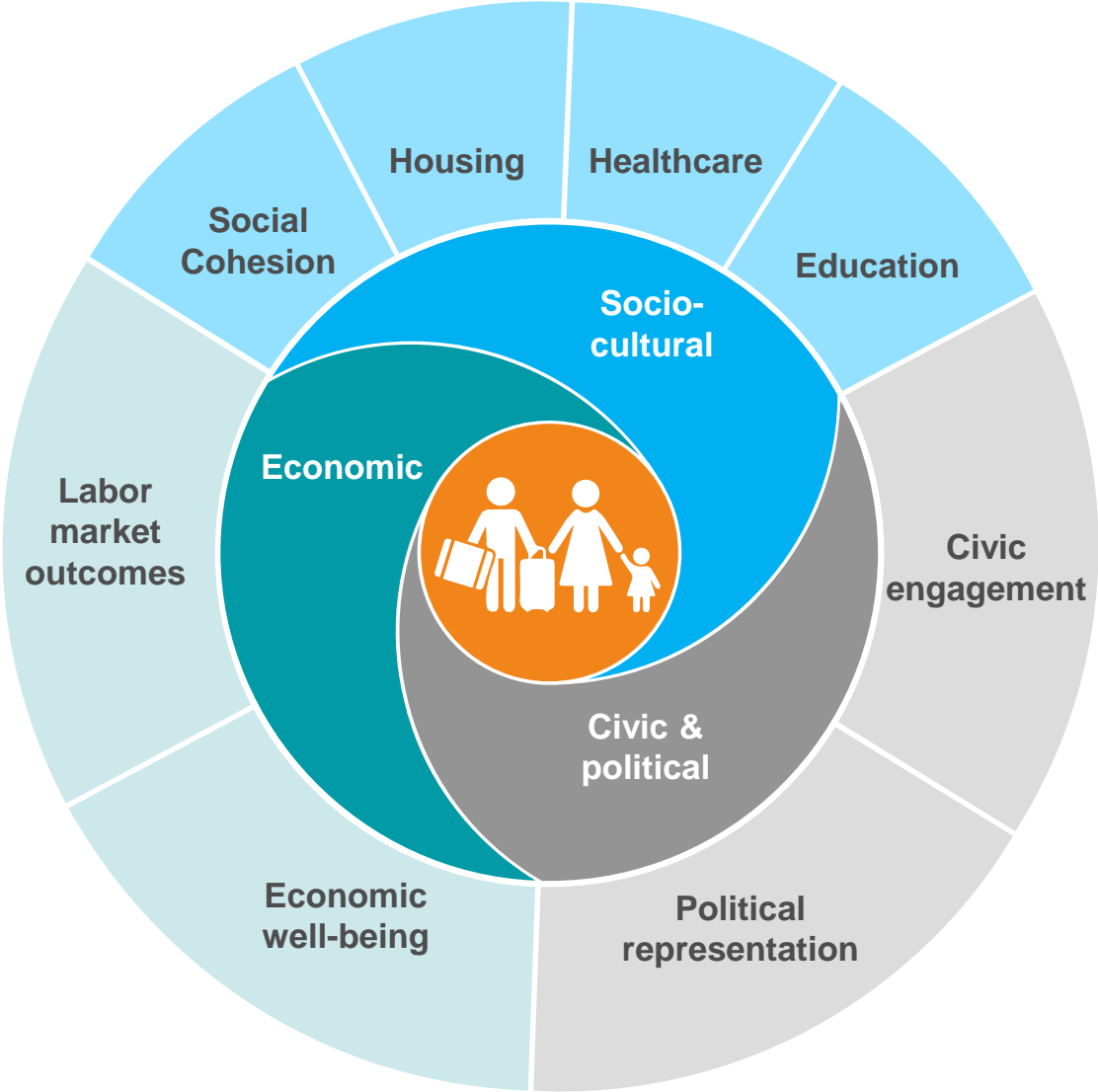


More needed: Beyond labor market outcomes *migrant integration is required on three dimensions*

Integration across **multiple dimensions** is essential for higher productivity...

\$800B-\$1T

could be the economic impact from better migrant integration



Who owns the monkey on the table? *Few* countries fare well across all most integration indicators

● Weak ● Moderate ● Strong

Difference between migrant and native performance

Theme	Sub-theme	Sample of integration metrics	Max	Median	Min
Economic	Labor market outcomes	Unemployment rate (%)	11.6	5.1	-0.5
		Over-qualification rate (%)	34.2	8.7	-4.2
	Economic well-being	Household income of lowest decile (% difference)	-56%	-24%	-6%
		Poverty rate of in-work population (%)	23.2	9.8	2.1
Socio-cultural	Education	Child literacy (foreign-born vs. native) (points, from 2012 OECD PIAAC)	-60.4	-31.6	-19.0
	Healthcare	Share of population with unmet medical needs (%)	5.3	0.6	-0.8
	Housing	Housing cost overburden rate (%)	15.2	6.4	-0.7
	Social cohesion	Migrant feelings of discrimination (%)	27.8	13.5	8.4
Civic and political	Civic engagement	Rate of naturalization (migrants only)	13.5	49.5	97.9
	Political representation	Share of employment in public services	-28.6	-7.1	5.0

A set of solutions and guiding principles can help improve outcomes

Change the narrative to one of opportunity
Partnership for a New America

Recognize integration is a two-way process
Stuttgart Pact

Empower and equip local innovators and agencies
New York MOIA

Start interventions early & sustain momentum
Australia ARMIA

Work with multiple stakeholders and form coalitions
XEIX Barcelona

Embed integration into urban planning processes
Amsterdam Housing

Push for better, more granular data collection
100 Resilient Cities

Celebrate, share and replicate successes
International Organization for Migration



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