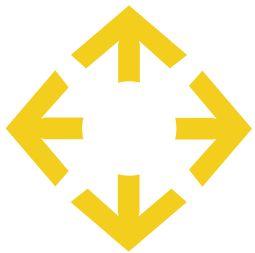


# ICMPD

International Centre for  
Migration Policy Development



Presentation by:  
Michael Jandl

## **“Market-based Instruments in Migration Control Policies”**

**Presentation at the 9<sup>th</sup> International Metropolis  
Conference; Geneva, 30.9.2004**

**Workshop on Short and Long Term Alternative  
Approaches to tackle Human Smuggling**

# **International Centre for Migration Policy Development**

**Return &  
Readmission**

**THB & People  
Smuggling**

**Asylum &  
Protection**

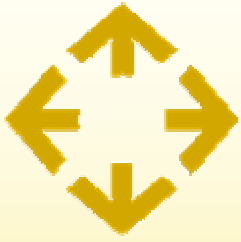
**It is ICMPD's aim to promote  
comprehensive and sustainable  
migration policies and function as  
an information exchange  
mechanism for governments and  
organisations primarily on  
European migration issues**

**Visa**

**Border  
Management**

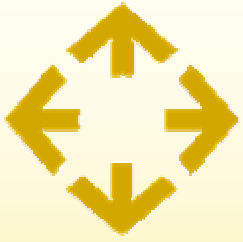
**Labour  
Migration**

**Integration**



# Outline of Presentation

- 1. Background: Illegal Migration and Human Smuggling in Europe**
- 2. The Future Demand for Immigration and the Problem of Substitution**
- 3. A Modest Proposal for a Market-based Migration Policy**
- 4. Discussion**



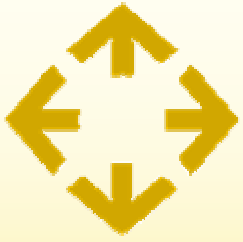
# Forms of Irregular Migration I

## **Illegal Border Crossings**

- Using border apprehension figures, an estimated 600 – 800,000 migrants annually cross EU-25 borders illegally

## **Visa over-stayers**

- Difficult to quantify but according to figures from regularization programmes could be again several hundred thousands annually



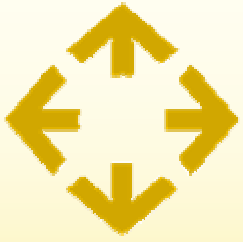
# Forms of Irregular Migration II

## False, Falsified or Fraudulently Obtained Documents

- False/falsified passports, visas or residence permits
- False guarantees for obtaining visas
- „Sham marriages“, „Fake adoptions“, „bogus students“, Fraudulently „self-employed“, etc.

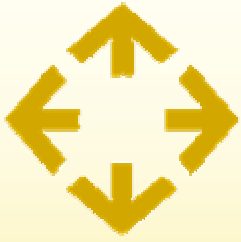
## Total irregular Gross Migration to EU-25 could be much higher still

## Total irregular Net Migration: ?



# The Human Smuggling Industry

- ◆ Human Smuggling accounts for a large and growing share of illegal border crossings
- ◆ Police authorities estimate the share of „facilitated entries“ to EU countries at 30%-80% with an increasing tendency
- ◆ Human Smuggling today increasingly looks like a **complex service industry**, offering a variety of different services (border crossing, accommodation, false documents) at a range of differentiated prices.



# High Costs of smuggling services

**Typical smuggling fees from the country of origin to a Schengen country are:**

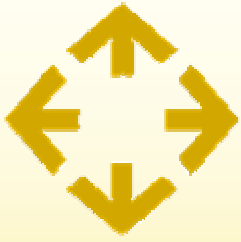
- ♦ **From Afghanistan, Pakistan, India,.. : € 3,000 – 8,000**
- ♦ **From China to Europe from 10,000 - to 15,000 USD**

**False/falsified/fraudulently obtained documents**

- ♦ **“Schengen visas”**: from € 300 – 4,000 depending on quality
- ♦ **“Residence permits”**: €4,500 (Italy)
- ♦ **“Fixed marriages”**: £5,000 (UK)

**On the other hand, short distance crossings can be much cheaper, but need high level of knowledge and much more time:**

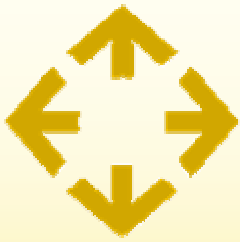
- ♦ **From the Czech Republic to Germany on foot: 30-40 €**
- ♦ **From Budapest to Austria by passenger car: 50-100 €**



# The problem with the Human Smuggling Industry

- **Illicit industry that frustrates attempts of controlling migration**
- **Public perceptions of a „loss of control over immigration“**
  - **growth of xenophobic, populist parties**
  - **further restricts room for rational migration policies**
- **Emergence of criminal networks with high undeclared incomes that can be invested in other criminal activities**
- **Disregard for human rights and high danger for smuggled migrants**
- **Loss of time and money for smuggled migrants; drain on scarce resources for development in source countries**
- **Annual income of the Human Smuggling industry (estimated € 4 bn/p.a. for the EU-25 alone) and costs of increasing control measures could be much better invested for development purposes!**



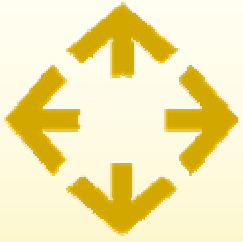


# The Future Demand for Immigration in Europe

Net number of immigrants needed (in 1,000) annually, in order to keep a ..

	<b>.. Constant Total Population</b>	<b>.. Constant Age Group 15-64</b>	<b>.. Ratio 15-64/65+ not less than 3.0</b>	<b>.. Constant ratio 15-64/65+</b>
<b>USA</b>	<b>128</b>	<b>359</b>	<b>898</b>	<b>11 851</b>
<b>EU-15</b>	<b>949</b>	<b>1 588</b>	<b>3 073</b>	<b>13 480</b>
<b>Europe</b>	<b>1 917</b>	<b>3 227</b>	<b>4 701</b>	<b>27 139</b>

**Source: UN Population Division (2000): „Replacement Migration“**



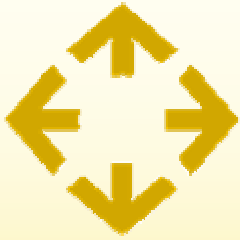
# The Problem of Substitution

## **Increasing Legal Immigration Levels?**

- Model of „Interconnected Pipes“
- However: does not correspond to reality → more legal immigration may also lead to more illegal migration

## **Frequently Regularizing Illegal Immigrants?**

- At first leads to a lower stock of illegal residents in the country
- In the medium-long term, this may create additional pull-factors and yet more illegal immigration (expectation of future amnesties)



# Economic Strategies for Migration Control

## Demand Side Measures

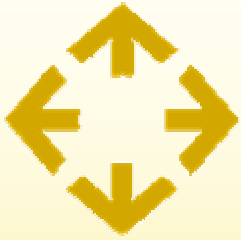
- **Curb demand for irregular migrant labor by employers:**
  - **Opportunities for seasonal workers**
  - **Employer sanctions, etc.**

## Supply Side Measures

- **Economic growth and income opportunities through long-term development policies**
- **Promote political stability and human rights**

## Intermediary Measures

- **Stricter border control policies**
- **Higher fines for human smugglers**
- **Stricter law enforcement, document security, etc.**

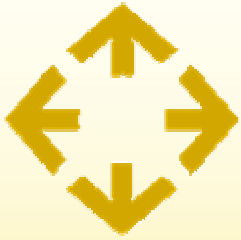


# A Market-based policy to counter Human Smuggling I

## The Development Visa (DV) Regime

Sell legal entry permits at prices at or just below the prevailing smuggling fees

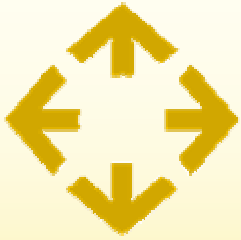
- Call these permits „development visas“ (DV)
- This system could run in parallel to the current visa system (which needs, however, stricter controls, e.g. through the VIS)
- Everybody who does not get a „free“ visa (e.g. for study or tourist purposes) can buy a development visa (DV)



# A Market-based policy to counter Human Smuggling II

## Coordination of the DV Scheme

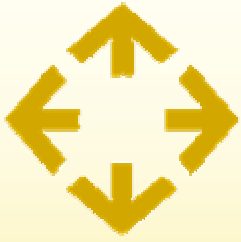
- There is a need to coordinate the issuing of DVs across all EU (Schengen) countries
- Quotas (total and per EU-country) and prices of DVs are set annually by EU Council of Ministers
- There is the possibility to charge slightly different prices for different host countries
- The DV is an all-purpose visa: it gives the right to work and/or reside in the host country



# A Market-based policy to counter Human Smuggling III

## Tripartition of DV fees

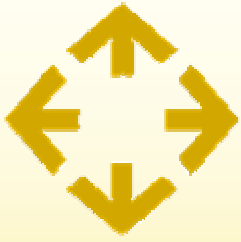
- Applicants for DVs will have to pay the whole amount up-front at the DV-Office in the country of application (DV visa fee + administration fee)
- The DV visa fee is then put into a caretaker account and divided into three parts:
  - **1/3 goes to development projects in the applicant's country**
  - **1/3 will be re-imbursed by the DV-Office upon return of the migrant**
  - **1/3 goes to a DV social security scheme**



# A Market-based policy to counter Human Smuggling IV

## Rules for the DV Scheme

- Applicants will be fingerprinted when applying for DVs and excluded from the scheme in case of previous illegal migration record
- They will likewise be excluded from future participation, if they violate the terms of the DVs
- Should they have the possibility of prolonging their stay in their host country through gaining any other legal residence permit after one year (marriage, work,..), they will only forego their right to the refund of 1/3 of the DV fee.

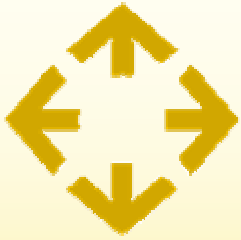


# A Market-based policy to counter Human Smuggling V

## The DV Social Security Deposit

- 1/3 of the DV fee goes into a DV social security deposit to cover health and welfare expenditures should the need arise
- In case the migrant pays social security contributions through declared income in the host country, the DV social security deposit is (partially) refunded up to 1/3 of the DV fee (depending on the time of insurance coverage)
- DV migrants will thus have an incentive to accept only legal work; in case of illegal work: state expenditures for social security are covered

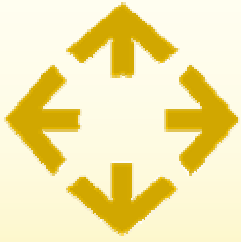




# A Market-based policy to counter Human Smuggling VI

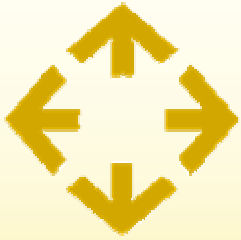
After one year:

- Migrants can return and collect 1/3 of the DV fee plus up to 100% of the DV social security deposit (in total up to 2/3 of the DV fee)
- Migrants could obtain another legal permit which permits them to stay, but would lose the refund
- Migrants could stay on illegally, but in this case they would be registered with fingerprints and could be swiftly returned. Moreover they would lose the right to participate in the DV scheme in future



# A Market-based policy to counter Human Smuggling in practice I

- Imagine a **pilot project** of the DV-Scheme in a small source country of illegal migrants close to the EU:
- An in-depth study would determine current smuggling rates, say € 3 - 4,000, and the migration potential from this country at various levels of DV fees
- The EU countries would fix a total DV quota for this country, the country distribution within this quota and the DV fees at between € 3,000–3,500

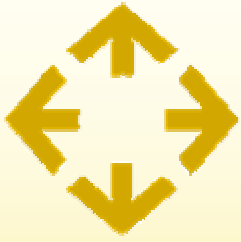


# A Market-based policy to counter Human Smuggling in practice II

## Expected Outcomes:

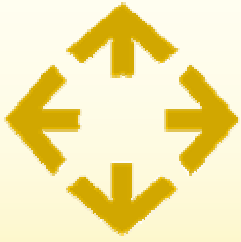
- Demand for DVs would be limited due to fees
- Migrants would prefer this scheme to the services of human smugglers and instead migrate legally
- Smugglers would cut prices, but only up to a certain point → lower profits → less ability to keep up with border guards
- Smugglers might also lower the quality of their services → would damage reputation
- Smugglers would try to find new clients in country or elsewhere (i.e. Smuggling will not totally disappear)

**→ Need to continuously adjust the DV scheme!**



# A Market-based policy to counter Human Smuggling in practice III

- After 3-5 years the **pilot project** could be evaluated
- There would likely be a need for substantial modifications to the scheme
- After evaluation and modification, the scheme could be extended to other countries



# The advantages of the market-base approach

- Less liable to circumvention and more cost-effective than current entry control regimes
- The DV scheme would be advantageous for all:
  - Migrants: Legal status (more rights, higher security, lower transaction costs for remittances)
  - Source Countries: Income for development projects and infrastructure (project-tied funds)
  - Host countries: Better control of entrants, lower costs of controls, administrative costs covered, social security expenditures covered, less incentive for illegal work