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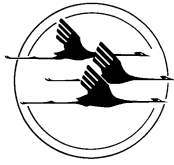
**Labour Market Participation  
of Immigrants in Finland  
and its Regions**

**Paper presented at the  
European Social Science History Conference,  
Glasgow, Scotland, UK, 11–14 April 2012**

Siirtolaisuusinstituutti, Institute of Migration

Turku 2012

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**Siirtolaisuusinstituutti  
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## **Labour Market Participation of Immigrants in Finland and its Regions**

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### **Population ageing and labour shortage**

Population aging has emerged as one of the essential problems facing the developed countries, and consequently the problem posed by the elderly population is gaining increasing importance when considering the future and development of the society. The most remarkable change in the age structure will occur within the next ten years when the baby-boom generation, those who were born during the second half of the 1940s, will retire (Sisäasiainministeriö 2005: 8).

It is expected that in Finland only the age-group of 65-years old and older is growing and the others will diminish. The population of working age will also decrease, and it has been estimated to decrease most in the decade 2010, at a pace of almost 30,000 per year. When the baby boomers retire, there will not be enough labour force to replace them. The “Labour 2025” report (Työministeriö 2007) suggests employing elderly, unemployed, disabled and immigrants. The immigrant labour reserve consists of foreigners living in Finland, naturalized immigrants and new potential immigrants. In a situation of steady population decline and aggravating demographic unbalances immigrants could figure as possible contributors to reversing these developments (see Niessen & Schibel 2002: 1).

This paper focuses on the employment of immigrants in the Finnish labour markets. Firstly, it is concentrated on the employment of immigrants with respect to different background variables, such as primary activity, employment sector, gender, education and country of birth. There are also comparisons to the total population if there are differences in the economic sectors in which immigrants and total population are active. Secondly, the regional distribution of immigrants is studied. A view to the county level labour markets explains how they are functioning and employing immigrants. The aim of the analysis is to give knowledge of the situation of the immigrants in the Finnish labour markets during the economic recession at the beginning of the 1990s and during the economic upswing of the early 2000s. This article is based on International migration, need of labour and effects of immigration on education supply -anticipation project which was funded by European Social Fund (ESF), the Finnish Ministry of Education and the Institute of Migration (Heikkilä & Pikkarainen 2008).

Research data have been obtained from Statistics Finland: regional gross-stream data on the immigrant population of working age (15–74 years) for the periods 1993–1994 and 2002–2003. The years 1993 and 2002 are periods of immigration, and for these years it is used background data and primary activity data for immigrants. The gross-stream data include all working-age immigrants for the years 1993 and 2002, and these data are compared to the situation the next year (1994, 2003)

with regard to labour market performance. Also separate stock data for immigrants and the total population have been bought from the Statistics Finland. Finally, special expert interviews were conducted and used as research data.

## Immigrant population

Finland has traditionally been a country of emigration. People have left for other Western countries to find better job opportunities, and have especially preferred Sweden. Finland became a country of immigration at the beginning of the 1980s when the balance of international migration switched to positive. The most noticeable wave of immigration occurred in the 1990s, when Ingrian Finns received returnee-status (Figure 1). The reception of refugees, for example, Somalis during the first half of the 1990s, has further increased the flow of immigration to Finland. Reception centres have been established all over the country for newly arrived asylum seekers. Finland also takes in a yearly quota of refugees, currently 750 people.

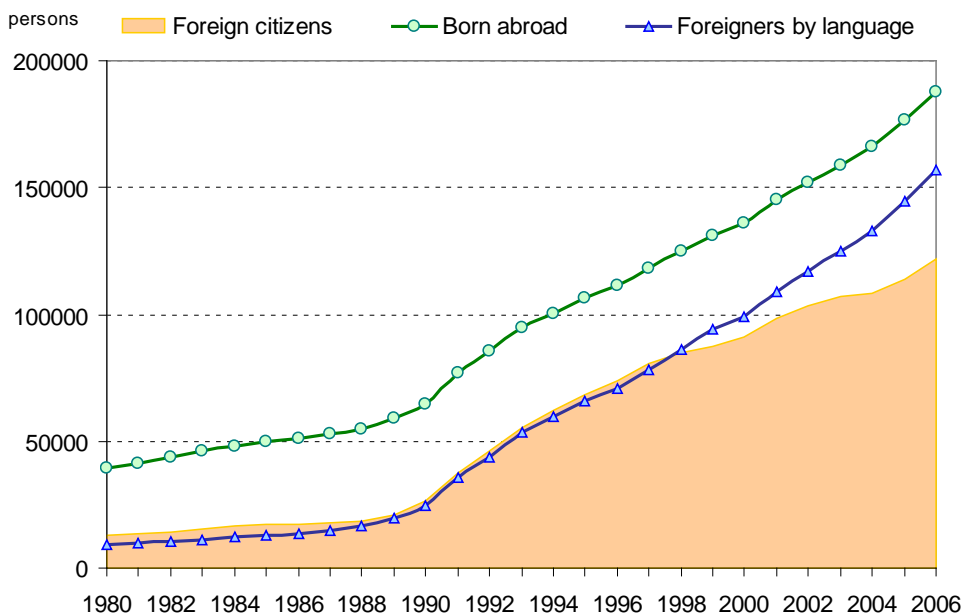


Figure 1. Foreign population in Finland in 1980–2006 (Data: Statistics Finland).

Immigrants, or foreign citizens, in Finland numbered 167,954 people in 2010, representing 3.1 percent of the total population. Totally, there were 248,135 people living in Finland who were born abroad. This represents 4.6 percent of total population in 2010. The largest groups of those born abroad in 2010 were people born in Russia or former USSR (54,708), born in Sweden (31,160), born in Estonia (25,009) and born in Somalia (8,073).

The immigrants were unevenly distributed among the counties during the early 1990s recession as well as during the economic upturn at the beginning of the millennium. A common feature is that Uusimaa county, where the capital of Finland, Helsinki, is located, has been most attractive one: almost half of the immigrants who arrived during the period of study settled there. The economic expansion regions of Varsinais-Suomi and Pirkanmaa rank second in attractiveness. The immigrant share of these three counties exceeds 60 percent of Finland total regardless of the study period, so Southern Finland is the main target for immigrants. Some counties have only a 1–2 percent share of the immigration, and even less. The county of Central Ostrobothnia had an immigrant share of only half a percent in 2002. During the past ten years there have been no major changes in the

immigrants' migration behaviour. Only refugees are more randomly scattered around the country because of the official settlement policy. Foreigners mostly prefer cities, 85 percent of them lived in urban municipalities in 2006 (Figure 2).

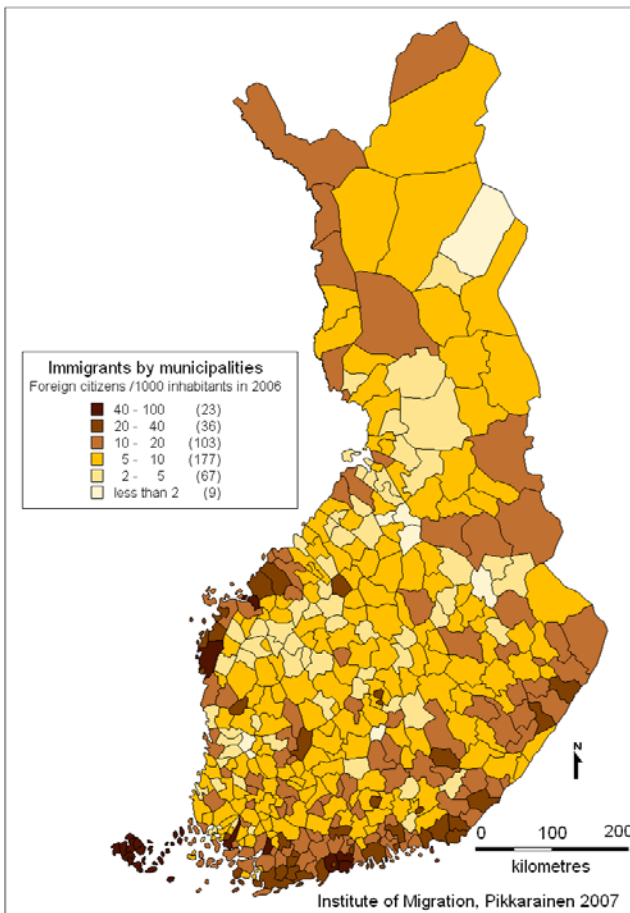


Figure 2. Immigrants by municipalities in 2006 (Data: Statistics Finland).

### Immigrants in the Finnish labour markets

The population age structure among immigrants is favorable from the point of view of labour markets: there are more 20–44-year-old among the foreign inhabitants of Finland in relation to the share amongst the Finnish citizens (Figure 3). The percentage of people older than them and especially of pensioners is noticeable lower with the foreign population than with the Finns. The age structure of the Swedish citizens reminds the most of the Finns of all the other border country citizens, i.e. share of the elderly is bigger than of the younger population. One reason is that those Finns who emigrated to Sweden during the boom years in the turning of the 1960s to the 1970s are now in retirement phase of life and willing to return back to Finland. Some of them have taken the Swedish citizenship. The age structure of the citizens of Estonia, the former USSR and Russia is very similar to the age structure of the foreigners in general, except that the proportional share of the 15–19-year-old and over 45-year-old is bigger and the share of the 25–39-year-old is smaller than among the foreigners in general.

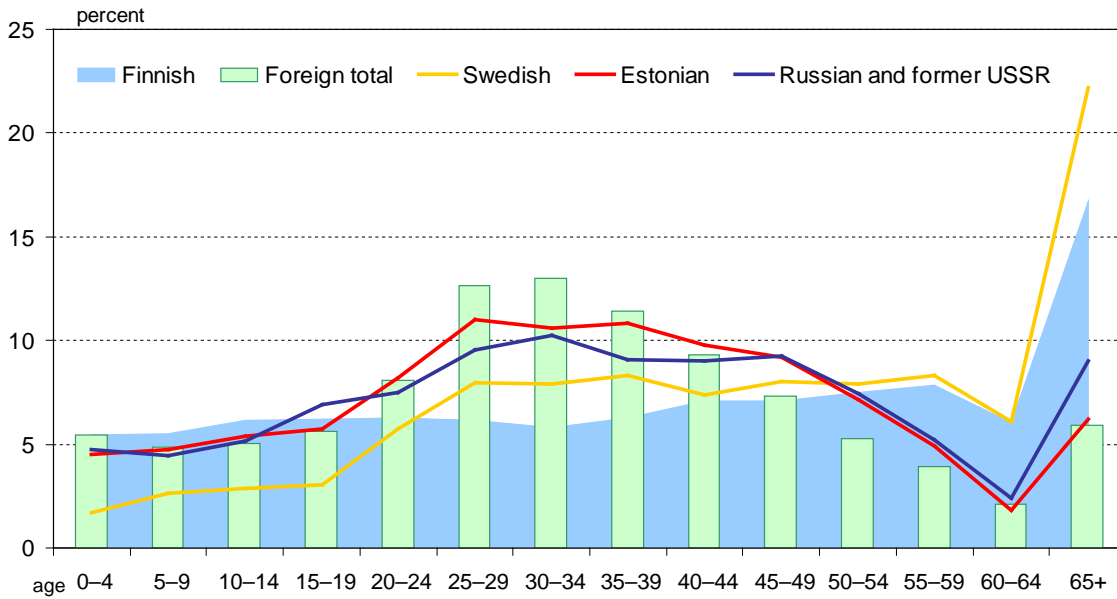


Figure 3. The age structure of inhabitants of the Finland in 2004 by citizenship (Data: Statistics Finland).

During the deep economic downturn in 1994 the unemployment rate for foreigners was 53 percent whereas it was 17 percent for the total population, in other words, it was three times higher for the former (Figure 4). The corresponding unemployment rates in 2006, which represented much more of a balanced economic cycle, were 24 percent for foreigners and 8 percent for the total population. In 2010, during the recent weak economic cycle, the unemployment rate for foreigners has been almost 29 percent, whereas for the total population it has been 8 percent. Thus, the current unemployment rate for foreigners is still three times higher than for Finns and, nowadays, the unemployment rate has even increased somewhat among foreigners compared to the total population of Finland. There were, in total, 56,000 foreign job-seekers in Finland in 2010, of which the main part, 47,800 people, had been unemployed during 2010. The jobseekers represented 180 nationalities (Heikkilä 2011).

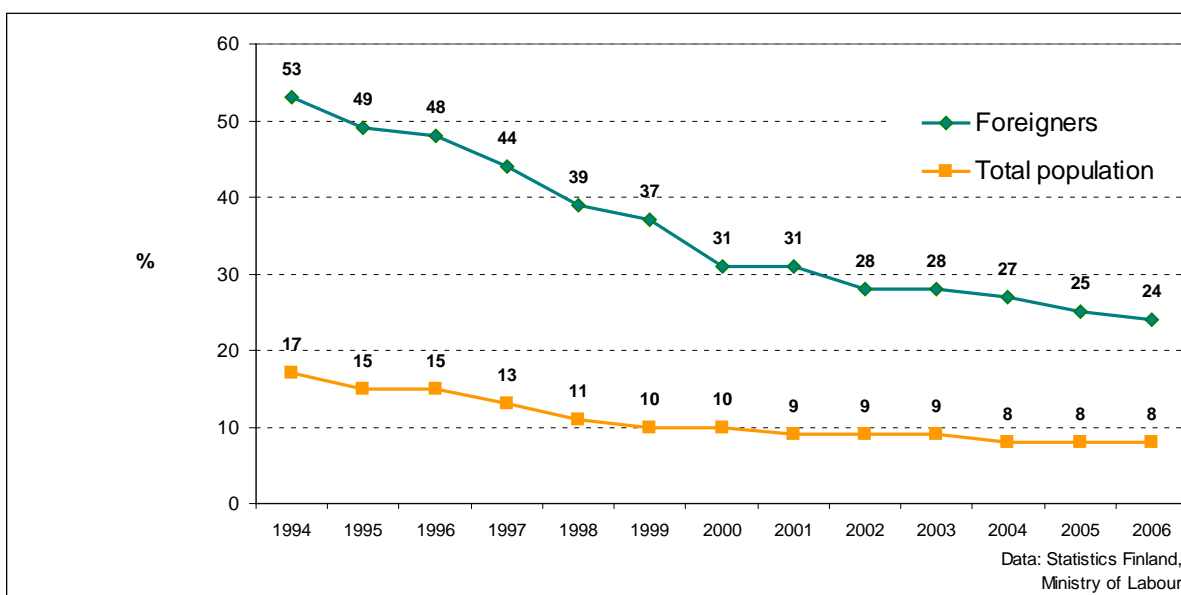


Figure 4. Unemployment rates in Finland for foreigners and the total population in 1994–2006.

## Primary activities of immigrants according to country of birth

There are considerable differences in immigrants' primary activities of among the ten largest country-of-birth-groups and also between economic periods. During the recession, immigrants born in the USA, China and Sweden had the highest employment rate (Table 1). Also the return migrants, i.e. native Finns, have had a better employment situation compared to other groups. Only few of the Iraqi and Somali refugees have found work in Finland. The highest unemployment rates are found among Estonians, those born in the former Yugoslavia, and those born in the former Soviet Union. A third of Iraqi immigrants have been students and the proportion of pensioners has been high for the return migrants. The "other" -category for primary activity shows the highest numbers for Somalis and Chinese. Housewives, for instance, belong to this category.

Table 1. The primary activity of immigrants according to the largest country of birth groups in 1994, one year after immigration (%) (Data: Statistics Finland).

Country of birth	Total (abs.)	Employed	Unemployed	Student	Retired	Other
Return migration of						
Finns	3 059	29,1	26,7	9,6	17,0	17,6
Former USSR	2 039	12,0	44,4	12,2	9,5	21,9
Former Yugoslavia	1 198	6,5	53,3	13,4	1,2	25,6
Estonia	980	14,3	47,1	14,0	1,0	23,6
Somalia	412	0,7	23,8	19,2	0,7	55,6
Iraq	224	0,4	42,9	33,9	1,8	21,0
Sweden	211	30,3	26,5	16,1	2,9	24,2
China	210	31,9	9,0	18,1	0,0	41,0
Vietnam	162	13,6	40,7	18,5	3,7	23,5
USA	106	34,0	13,2	8,5	4,7	39,6
Other countries	1 775	21,1	27,7	17,3	1,5	32,4
Total	10 376	18,5	35,3	13,6	7,6	25,0

At the beginning of the 2000s, positive economic development manifests itself in a better employment situation for immigrants (Table 2): the immigrants had an average employment rate of 44 % in 2003 though it was only 18.5 % in 1994. The Estonians have had the highest employment rate followed by return migrants, Swedes and British, i.e. immigrants from Western countries. Estonians have displayed success in Finnish labour markets because many of them master the Finnish language. Iraqi refugees still have difficulty finding work; they have the highest unemployment rate. Many of the Chinese and Iraqis are students and of the return migrants one

tenth are retired a year after moving to Finland. In terms of primary activity, many of the immigrants born in Thailand and former Soviet Union belong to the “other” -category.

Table 2. The primary activity of immigrants according to the largest country of birth groups in 2003, one year after immigration (%) (Data: Statistics Finland).

Country of birth	Total (abs.)	Employed	Unemployed	Student	Retired	Other
Finnish origin return						
migrants	4 858	56,9	8,8	10,0	9,7	14,6
Former USSR	1 812	26,4	17,0	17,0	0,2	39,4
Estonia	768	58,7	5,2	8,9	0,0	27,2
Sweden	438	52,3	10,0	13,7	0,5	23,5
China	268	47,8	3,7	28,7	0,0	19,8
Britain	224	52,2	7,6	9,8	0,5	29,9
Germany	213	47,9	7,0	10,8	1,4	32,9
Iraq	236	9,3	29,7	27,5	0,0	33,5
Turkey	219	42,0	17,4	9,1	0,0	31,5
Thailand	228	32,0	12,7	14,1	0,0	41,2
Other countries	3 223	32,7	14,4	16,4	0,4	36,1
Total	12 487	44,1	11,7	13,5	4,0	26,7

When looking the economic performance of immigrants with stock data, i.e. covering all immigrants who were born abroad and were living in Finland in the years 1995, 2000 and 2004 and who were 15–74-years old, the employment rate is higher and there are less unemployed among those immigrants who were born in western countries (Figure 5). Immigrants from United Kingdom, Sweden, Germany and Estonia show the highest employment rates. In the newest data from 2004, those born in India also rank high, followed by China, Turkey, the United States and Vietnam. The employment rates are the lowest and unemployment the most common among immigrants originating in the former Yugoslavia, Iran, Somalia and Iraq in 2004.

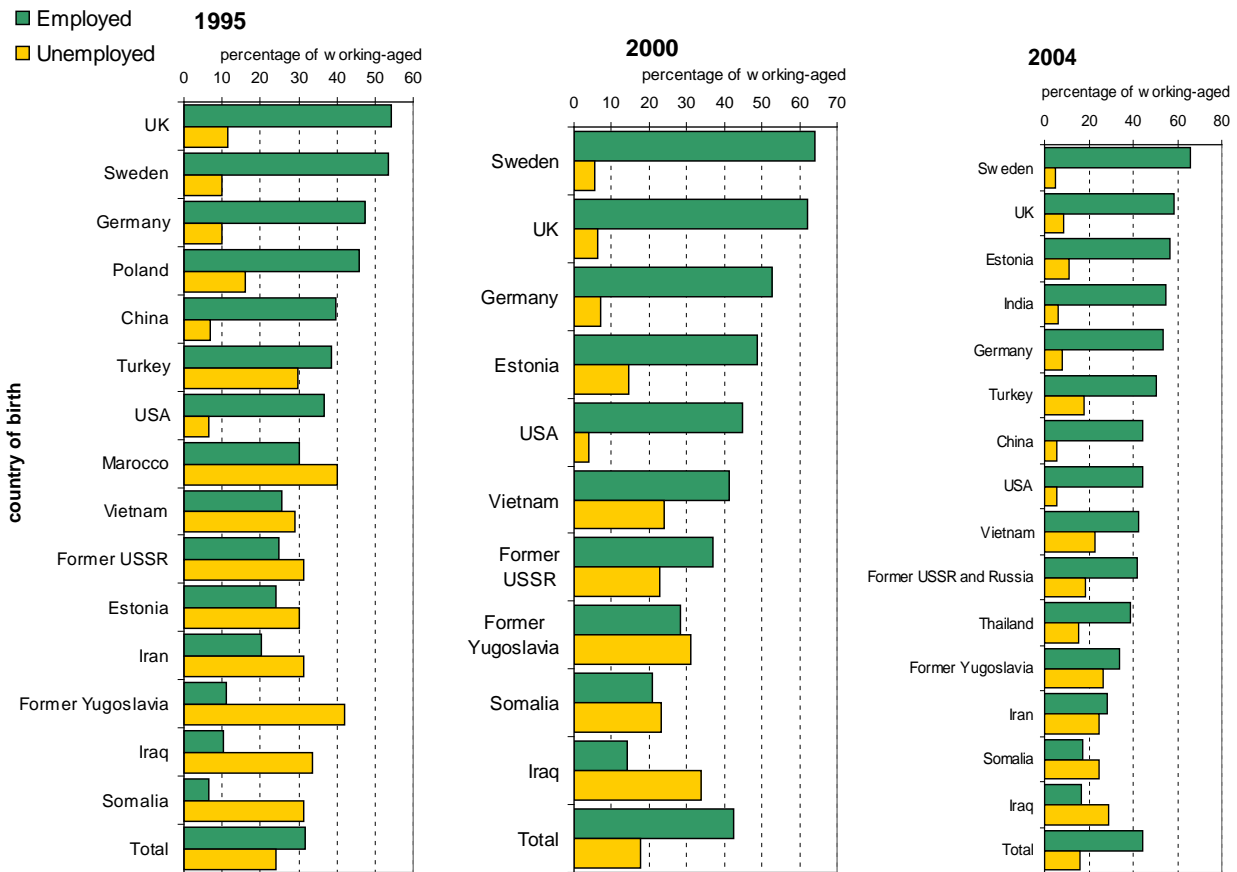


Figure 5. Employed and unemployed immigrants by country of birth in 1995, 2000 and 2004 (Data: Statistics Finland).

When looking economic performance by education, immigrant men had a better employment situation than women in 2003 (Figure 6). What is clearly seen is that the employment rate increases as education improves and this is common for both men and women. Unemployment by gender observed evenly at all education levels. Membership in the “other” -category decreases as education increases, especially for men. The share of students generally diminishes as the educational level rises. It can be seen that women with doctoral education have conducted further studies. This can be connected with updating qualifications for Finnish educational standards in specific professions like in the case of medical doctors etc.



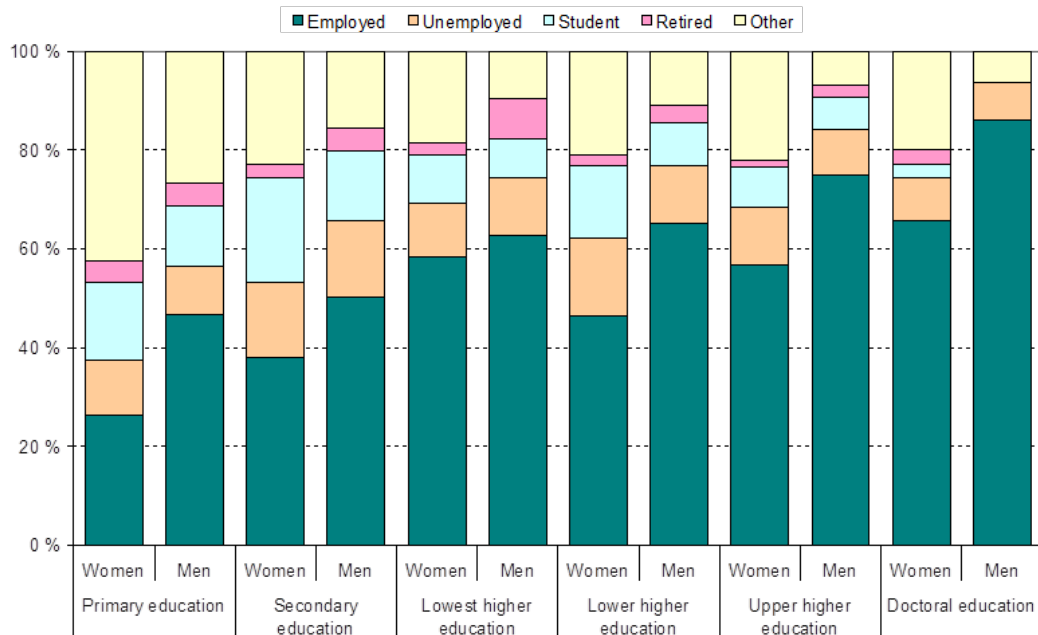


Figure 6. Immigrant women's and men's main activity by education level a year after immigrating to Finland (2003) (Data: Statistics Finland).

When studying the primary activity of those of working age, between 15 and 74 years old by county level, the best situation was in Ahvenanmaa, where two thirds of those who immigrated in 2002 had a job (Figure 7). Most of them were Swedes, so moving to a Swedish-speaking area posed no integration problems. In Uusimaa, where most of the jobs are located, only 42 percent of the immigrants found employment during the year of immigration. The most difficult situation was in Kainuu, where only 15 percent succeeded in finding work. A considerable share of the immigrant population in the whole country was unemployed or outside the labour force as labour reserve. The number of these was exceptionally high during the recession of the 1990s, but the situation has not improved to correspond to the level of the whole population. The chances for finding a job improve in Finland after a year; of the immigrants who came to Finland in 2002 a third had found work by the end of their first year in the country, and the following year 44 percent was employed. The regionally different employment rates are due to the general employment situation in the counties. Ahvenanmaa had almost full employment at the beginning of the 2000s, while the general unemployment was high in the northern and eastern parts of Finland like in the county of Kainuu.

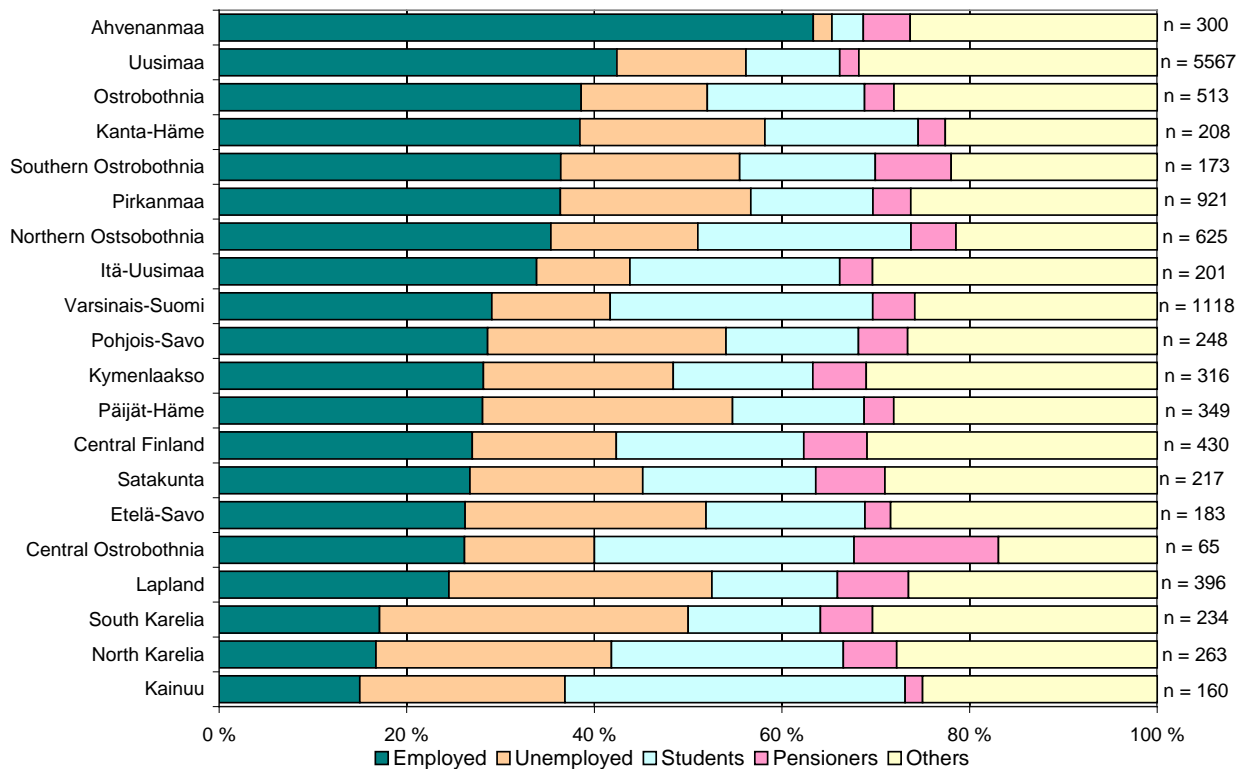


Figure 7. The primary activity of immigrants who moved to Finland in 2002, at the end of their year of immigration, by county of destination (Data: Statistics Finland).

### Employment of immigrants in different economic sectors

The immigrant employment sectors show some gender differences. At the beginning of the 1990s, trade was the most important employment sector regardless of gender, but other sectors, for example education and research, have been an important employment sector for immigrant women. In the health and social work sectors employment of women is also accentuated. Immigrant women have also found work in the agricultural sector, in that many unmarried farmers in East Finland have wed Russian women. This so-called cross-border marriage phenomenon is also common in the border area between Finland and Sweden. The sector of cleaning, sewage and refuse disposal, sanitation, and similar activities also employ slightly more women than men, because the cleaning sector, for example, provides jobs for many immigrants (Figure 8).

More immigrant men than women have found work in the industrial sector, which includes the forest industry, the manufacture of machinery and equipment, and the manufacture of metal products. Construction has been a typically male-dominated sector and this also holds among immigrants. Many, regardless of gender, belong to the “occupation unknown” -category.

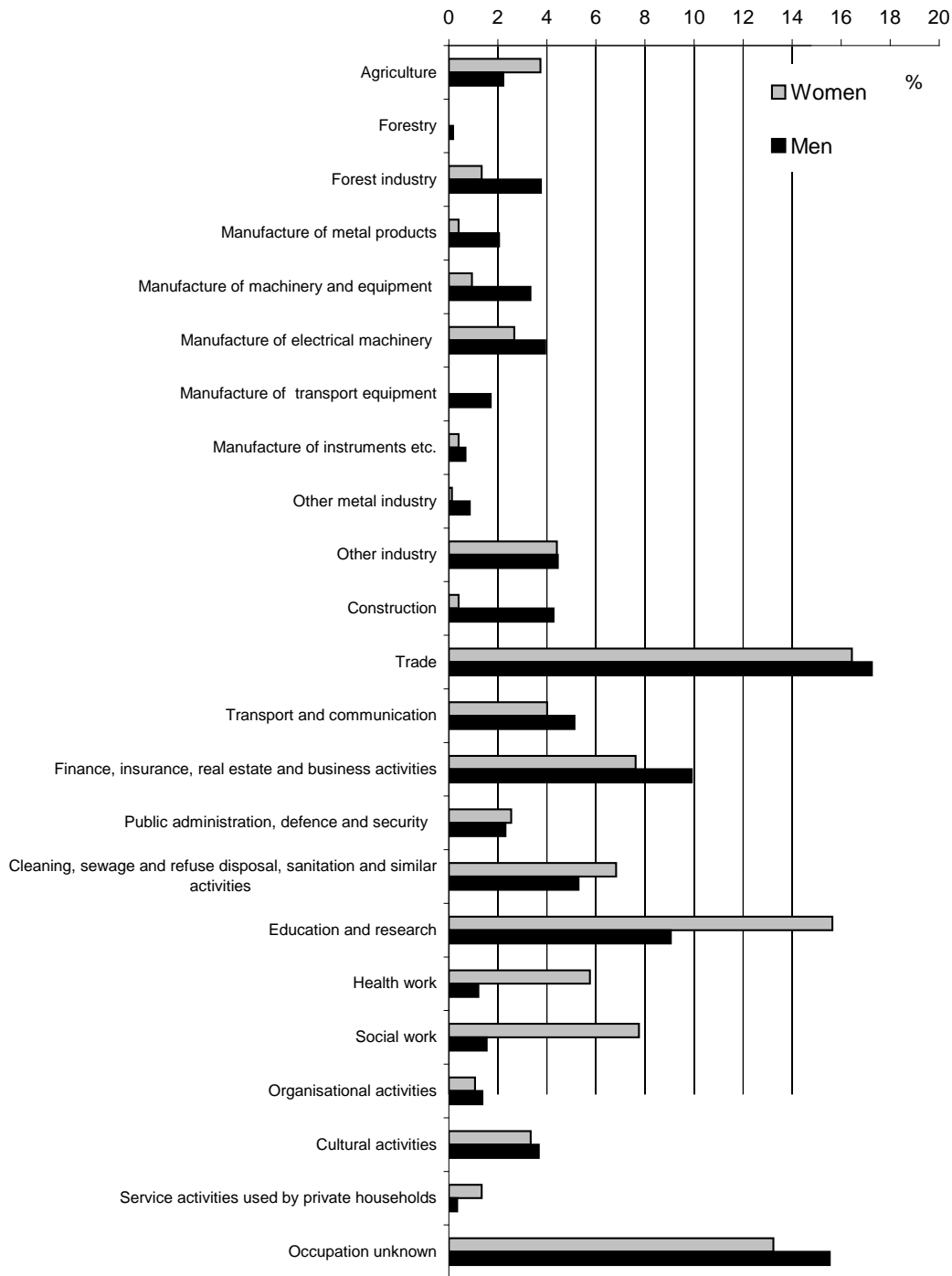


Figure 8. Employment of immigrants in different economic sectors, according to gender, in 1994, a year after immigration (Data: Statistics Finland).

In 2003, trade is accentuated for both immigrant men and women, – in other words, the situation has not changed since 1994. Instead, finance, insurance, real estate and business activities have increased in importance and this sector has especially employed men. For women, in 2003 education and research are important, as in 1994, and employment in health work has doubled in the period between 1994 and the turn of the millennium. The importance of social work for women has not changed during the study period and social work is one of the main employers (Figure 9).

The transport and communication and the construction sectors have become more important for immigrant men. The beginning of the 2000s has been a time of intensive construction, which required new labour. A new feature in the transport sector has been immigrant men working as bus drivers, especially in the centres of Southern Finland. Industry has employed many men and the manufacture of electrical machinery has been especially important.

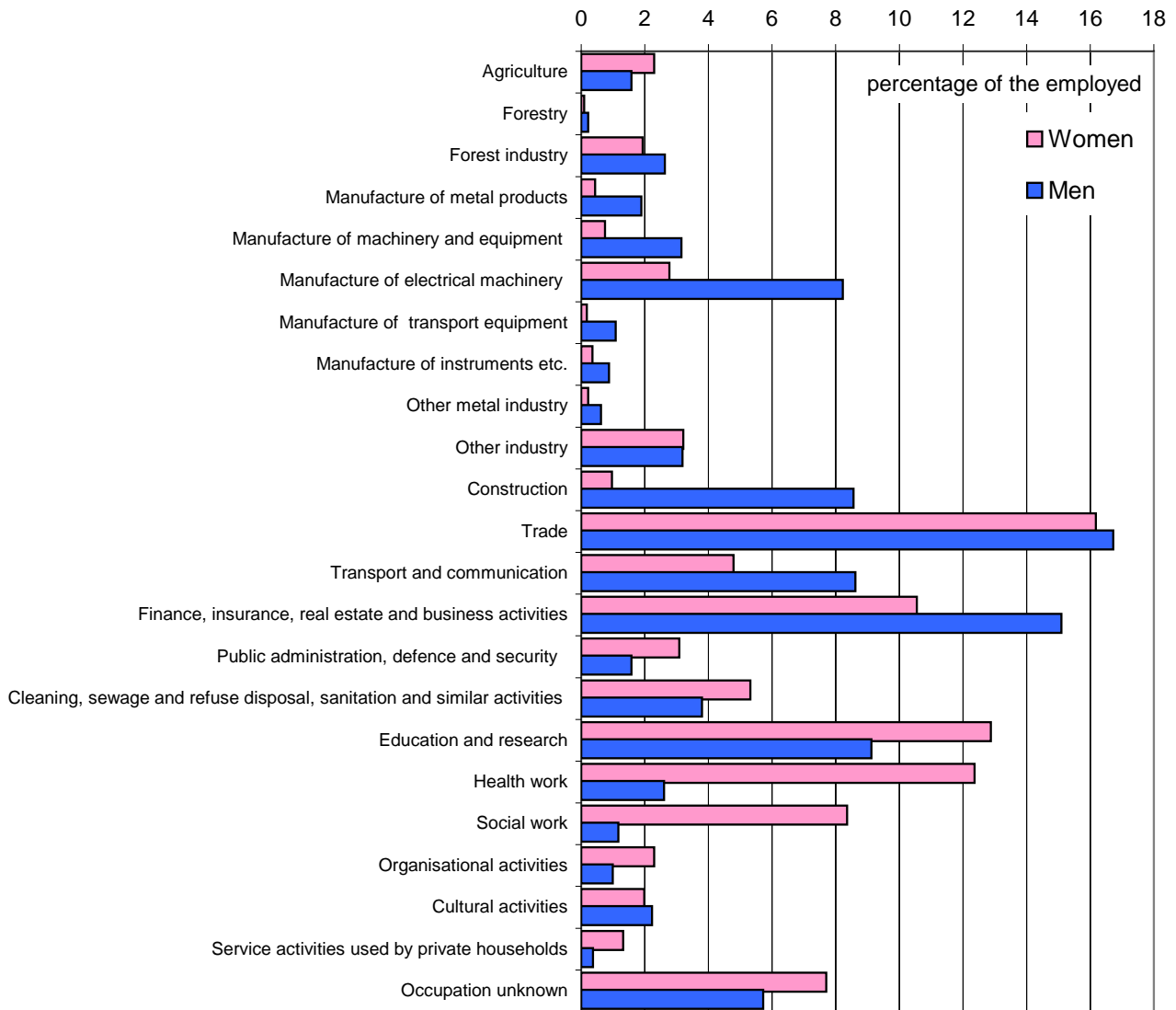


Figure 9. Employment of immigrants in different economic sectors, according to gender, in 2003, a year after immigration (Data: Statistics Finland).

The occupations of the immigrants can be compared to the whole distribution of occupations in Finland during the year 2000. The distribution differs most for service work: 27 percent of the employed immigrants worked in the service sector, while the corresponding rate for the whole country was 18 percent. Immigrants were also overrepresented in teaching and cultural work in relation to the whole population (10 percent vs. 7 percent). The ratio of immigrants in office work was smaller (6 percent vs. 10 percent) and also in caring work (9 percent vs. 13 percent) (Figure 10).

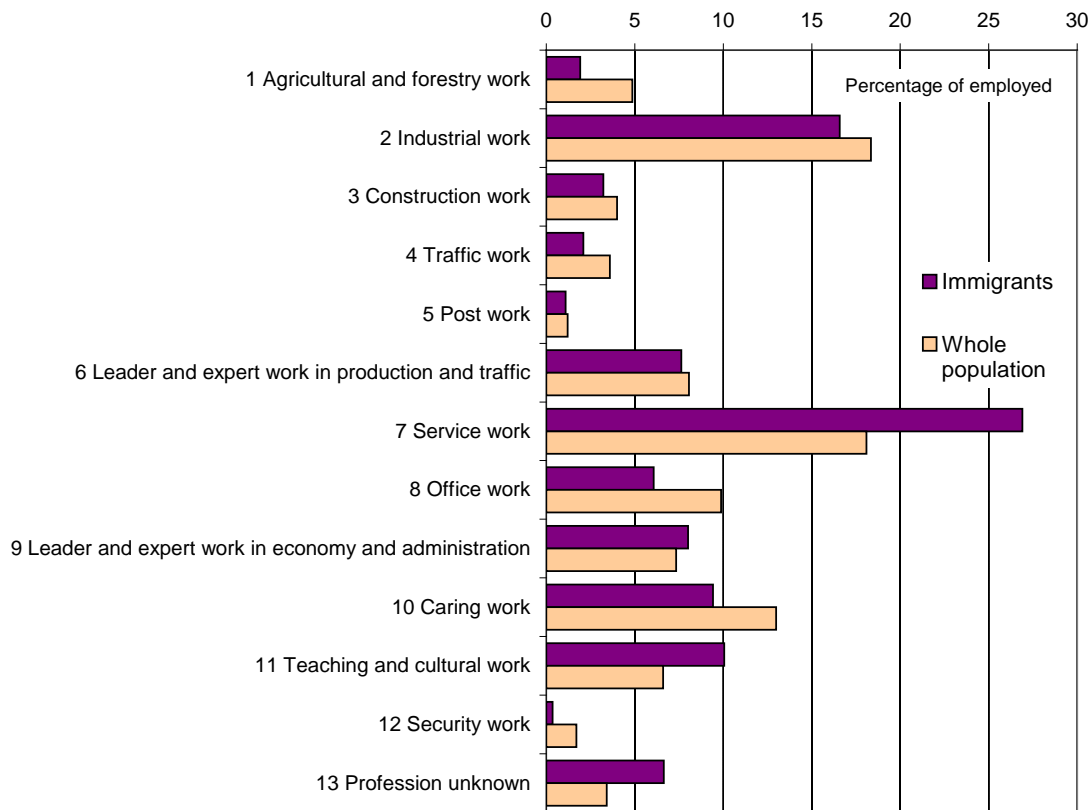


Figure 10. Professions of employed immigrants (n= 34,862) and the whole population (n= 2,228 557) in Finland in 2000 (Data: Statistics Finland).

In stock data for the year of 2004, the most common occupation among employed immigrant women was cleaning (2,530 people, a share of 12 percent), sales work (10 percent), teaching and education (9 percent) and restaurant service (8 percent). Surprisingly, 15 percent of the occupations were unknown. In the same year the immigrant men were mostly employed in restaurant service (3,281 people, 12 percent) followed by technical planning, supervision and research (7 percent), teaching and education (6 percent) and ground transportation (5 percent).

When looking further immigrant stock by the country of birth and employment groups exceeding 600 people in 2004, those who were born in western countries, such as Sweden, Great Britain, Germany, the United States and Poland, employment within teaching and education was the most common employment group. Immigrants born in countries outside the EU, like Iran, Vietnam, China, India and former Yugoslavia were mainly employed in restaurant services. Of the Turkish-born as much as 60 percent (848 people) was employed in this sector. Cleaning was the most common sector for those born in Somalia (175 people, 24 percent of the employed Somalis) and in Thailand (147 people, 16 percent of the employed). Of those born in India, the second most important sector was technical planning, supervision and research (194 people, 22 percent of the employed) and the third ranking group in technical experts and work supervision (8 percent). The technical sector was also prominent in the Chinese, British, Polish, German and American occupational distribution.

At county level, there are provinces in which the significance of a certain profession is emphasized among immigrants (Figure 11). For example, in South Ostrobothnia, North Karelia and Lapland there are about a fifth of the immigrants in education. Regional differentiating also appears in it that in Ostrobothnia the most general profession among immigrants is agriculture and gardening. Greenhouses, among others, are located in the area in which vegetables are produced to the consumption of our whole country and this sector employs immigrants to professions in question. The restaurant services are the most general profession in four counties and for example in Uusimaa every tenth has got the job in this profession. Restaurant services are in every county among five top professions. Education as a profession is one of the most general professions among nineteen counties and sales work among the most important professions in seventeen counties. Likewise in seventeen counties among the five most significant professions of employed immigrants is the group of unknown occupation.

Cleaning work has generally been known to be a profession which employs immigrants and among others in Uusimaa it indeed is the second most general profession. Essential is, however, to notice that cleaning work is not in all the counties among top-five profession to employ immigrants. In fact, only in five counties it is one of the most central professions and in fifteen counties cleaning work is not among the most important professions. Of other professions, it can be mentioned that for example in Varsinais-Suomi the significance of metal manufacturing is seen among others because of shipbuilding industry in the area. In Päijät-Häme and Etelä-Savo, wood manufacturing is the second most general profession among immigrants. In Kymenlaakso, there are quite many immigrants as doctors and researchers in medicine. In eastern Finland, where Kymenlaakso is located, it has been difficult to attract native medical doctors and immigrant background professionals have been recruited to open vacancies. As seen, the regional differences are quite big and the professions vary according to the county but also similarities appear.

Immigrants' five most common occupations in Finland by region of residence 2000 (Data: Statistics Finland)								
Uusimaa	Persons %	Varsinais-Suomi	Persons %	Satakunta	Persons %	Kanta-Häme	Persons %	
Employed total	19279	100,0	2827	100,0	496	100,0	522	100,0
Restaurant services	2044	10,6	225	8,0	54	10,9	58	11,1
Cleaning	1982	10,3	192	6,8	42	8,5	47	9,0
Sales work	1412	7,3	188	6,7	38	7,7	38	7,3
Education	1237	6,4	183	6,5	33	6,7	38	7,3
Occupation unknown	1192	6,2	175	6,2	31	6,3	37	7,1
Pirkanmaa	Persons %	Päijät-Häme	Persons %	Kymenlaakso	Persons %	South Karelia	Persons %	
Employed total	2020	100,0	898	100,0	644	100,0	669	100,0
Education	213	10,5	86	9,6	69	10,7	90	13,5
Restaurant services	203	10,1	80	8,9	68	10,6	68	10,2
Occupation unknown	138	6,8	69	7,7	66	10,3	49	7,3
Cleaning	132	6,5	65	7,2	48	7,5	42	6,3
Technical planning, managing and research	122	6,0	57	6,4	32	5,0	31	4,6
Doctors and researchers in medicine								
Etelä-Savo	Persons %	Pohjois-Savo	Persons %	North Karelia	Persons %	Central Finland	Persons %	
Employed total	407	100,0	493	100,0	404	100,0	723	100,0
Education	43	10,6	54	11,0	78	19,3	108	14,9
Wood manufacturing	40	9,8	50	10,1	31	7,7	67	9,3
Occupation unknown	33	8,1	43	8,7	29	7,2	59	8,2
Restaurant services	31	7,6	31	6,3	27	6,7	52	7,2
Sales work	30	7,4	28	5,7	24	5,9	44	6,1
Agriculture and garden.								
South Ostrobothnia	Persons %	Ostrobothnia	Persons %	Central Ostrobothnia	Persons %	North Ostrobothnia	Persons %	
Employed total	267	100,0	1773	100,0	180	100,0	903	100,0
Education	58	21,7	136	7,7	23	12,8	117	13,0
Sales work	26	9,7	133	7,5	17	9,4	88	9,8
Restaurant services	25	9,4	123	6,9	13	7,2	74	8,2
Agriculture and garden.	23	8,6	119	6,7	11	6,1	61	6,8
Occupation unknown	20	7,5	118	6,7	11	6,1	60	6,6
Soc. and leisure servic.								
Kainuu	Persons %	Lappi	Persons %	Itä-Uusimaa	Persons %	Ahvenanmaa	Persons %	
Employed total	122	100,0	417	100,0	673	100,0	1145	100,0
Education	15	12,3	75	18,0	63	9,4	123	10,7
Sales work	14	11,5	52	12,5	58	8,6	111	9,7
Soc. and leisure servic.	14	11,5	46	11,0	45	6,7	103	9,0
Occupation unknown	14	11,5	34	8,2	41	6,1	78	6,8
Restaurant services	9	7,4	21	5,0	39	5,8	78	6,8
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Other manufacturing								
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## **Finally**

Two thirds of the immigrants, who were living in Finland in 2010, were born in third countries. The expert interviews conducted in the research project indicated that the migration flow from neighboring countries is expected to increase. According to the experts, immigrants will come from the Baltic countries, Russia, Poland, Belarus, Ukraine, Bulgaria and Romania. The opinions differ on Estonia. Some believe that the immigration from there will continue while others think that the flow has drained. Asia is considered second. China and India are expected to provide mainly educated labour. Immigration will grow also as a consequence of family reunions. Professionals and experts are expected to immigrate from the United States, Germany, Sweden and Britain, but otherwise the immigration flows from western countries will be small.

The competition with other European countries for well-educated migrants is severe. If the differences in standard of living between Finland and the neighboring countries and in Europe decrease during the next ten years, the immigration pressure will decrease. The immigration flow from third countries to the EU is much bigger than the internal migration flow. Temporary migration and short term employment is expected to increase.

Immigration from new EU-countries is not necessary also the solution to the old EU-countries' population ageing problems, since in many new EU-countries the population is diminishing both in natural population development, when death rate is exceeding birth rate, and by net loss in international migration (Figure 11). Finland is still facing population growth by both indicators in 2006 and especially successful are countries like Iceland, Ireland, Spain and Cyprus. The preliminary information on Finland's population development in 2011 shows that 62 percent of population increase is because of positive international migration balance and the excess of births is counting the rest, 38 percent. The role of immigration in population development is thus remarkable in Finland.



### Population change in EU-countries 2006

\* Data from 2005

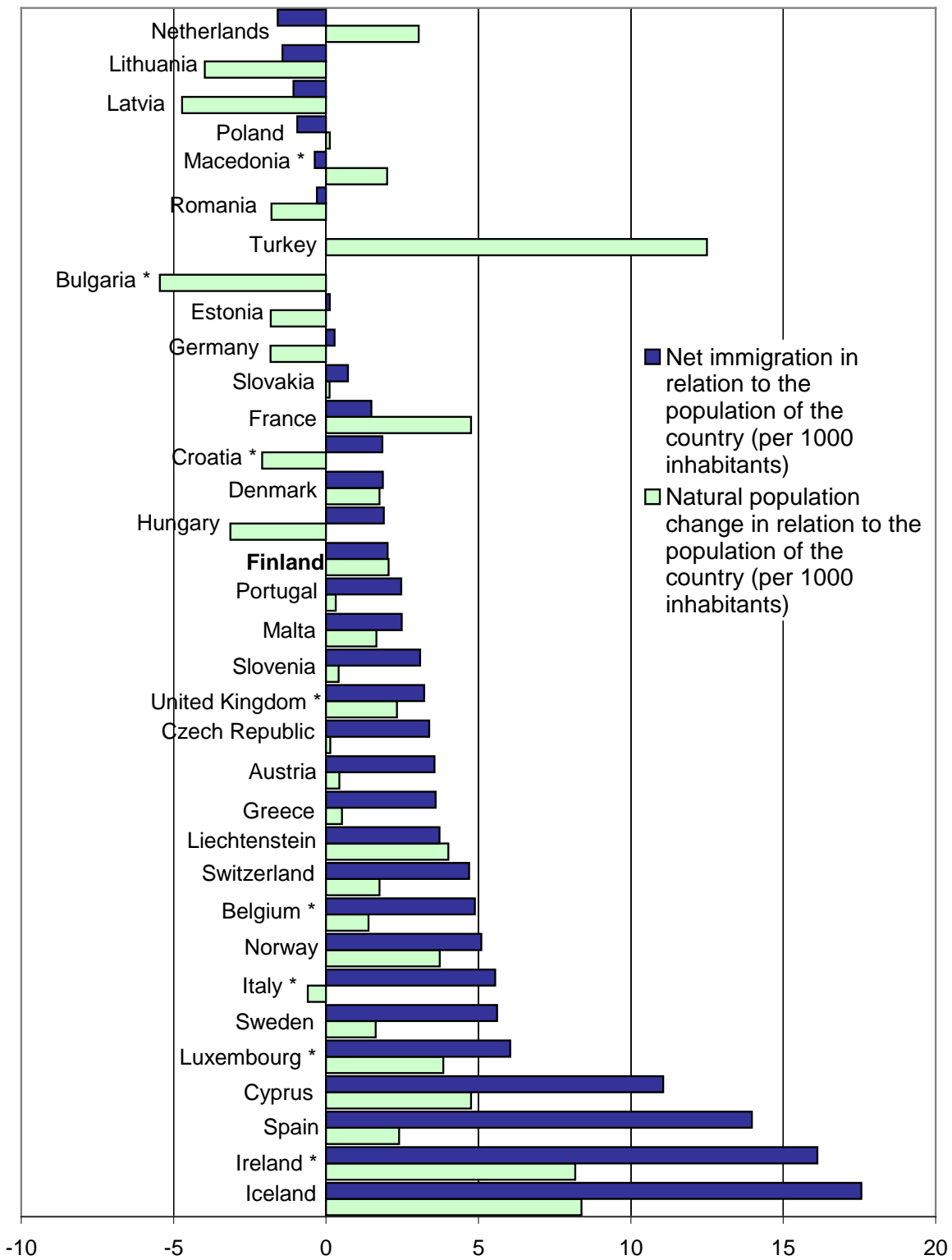


Figure 12. Population change in EU-countries in 2006.

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