

IPPR analysis: Post-Brexit impacts of migration restrictions

This analysis illustrates the impacts of a hypothetical post-Brexit immigration policy on different sectors. We present a sectoral breakdown of the eligibility of EEA (European Economic Area) migrants for the 'Tier 2 General' visa route. This is currently the standard visa route for non-EEA migrants coming to the UK to work.

The research builds on our earlier report 'Striking the right deal: UK-EU migration and the Brexit negotiations' (<https://www.ippr.org/publications/striking-the-right-deal>), published in April 2017.

Topline findings

- A range of pressure groups – including Migration Watch and Leave Means Leave – have argued that, in order to reduce net migration after the UK leaves the EU, the rules for non-EEA skilled workers should be applied to EEA workers (or variations on this theme). On the face of it, this appears to perhaps be the most straightforward option for government, because it would be a simple extension of the current rules for non-EEA migrants.
- But our analysis suggests that extremely large shares of EEA migrants across a number of sectors would be ineligible under the rules for non-EEA skilled workers.
- In sectors such as agriculture, manufacturing, wholesale and retail, transport and storage, and hotels and restaurants, more than 90% of EEA migrant employees would not be eligible under the Tier 2 rules.
- This suggests that employers in these sectors would be virtually unable to recruit workers from abroad under the standard worker immigration route.
- Other sectors, such as finance and information and communication, would be less affected as they are more highly skilled, but even here substantial proportions would not be eligible.
- Notably, more than two thirds of EEA migrant employees in health and social work would not be eligible – this is despite the analysis factoring in that nurses and paramedics are on the 'shortage occupation list'.
- Therefore, if the government were to simply bring EEA migrants into the non-EEA system post-Brexit, without any other changes, this would have a dramatic impact on firms' access to labour across the economy.
- This highlights the need for a careful approach to immigration policy post-Brexit that manages our labour market needs, and that allows for a coordinated transition to any new system.

Analysis

Eligibility of EEA migrants under the 'Tier 2' system for non-EEA skilled workers (employees only)

Sector	Ineligible under Tier 2 (%)	Eligible under Tier 2 (%)
Agriculture	93	7
Manufacturing	93	7
Wholesale and Retail	97	3
Transport and Storage	97	3
Hotels and Restaurants	99	1
Information and Communication	47	53
Financial Services	40	60
Business Services	77	23
Public Administration	65	35
Education	59	41
Health and Social Work	71	29
Arts and Other Services	90	10
Total	83	17

Method

The data used is the Labour Force Survey (pooling the four quarters of 2016). Our analysis estimates the total proportion of EEA migrants (defined by citizenship) currently working as employees in the UK who would meet the Tier 2 salary and skills thresholds, by industry group.

We include Swiss nationals alongside nationals of EU/EEA countries within our categorisation of EEA migrants. Working age people only are included. Self-employed migrants are excluded, as no data on wages for the self-employed are collected.

A full explanation of the methodology for modelling the Tier 2 system is included in the first Annex to the 'Striking the right deal' report. The methodology is only an estimate of the implications of applying the Tier 2 criteria, as some of the criteria within the Tier 2 rules cannot easily be measured with the available data.

It should be noted that this analysis is only indicative of the impacts on different sectors post-Brexit. This is for a number of reasons – not least because (i) the Labour Force

Survey analysis is based on current *stocks* of migrants in the UK, not *inflows*, and (ii) future inflows of migrants will be affected by a range of factors, not simply government policy. We should also make clear that we do not intend to imply by this analysis that EEA nationals currently living in the UK will have their rights jeopardised post-Brexit; we are instead simply using the data available on stocks to illustrate the implications of restrictions on future EEA immigration inflows.

We have excluded the construction sector from the data above, because we are currently doing further analysis for this sector, which will be published later this year. EEA migrants within this sector are largely self-employed, and so, as self-employed migrants are excluded from this analysis, a direct comparison between construction and other sectors would be misleading. We have also excluded energy and water due to small sample size.