



Non-National Workers in the Irish Economy

HERE TO STAY

- The implications of the growing number of non-national workers in the Irish economy have become a political issue and a potential source of rift between the social partners and a barrier to continued social partnership.
- This report examines the scale and sectoral distribution of non-national employment in Ireland based on previously unpublished CSO data from the latest Quarterly National Household Survey for Q3 2005. The main findings are as follows:
 - There were 159,300 non-nationals in employment, representing 8% of total employment of 1,989,800.
 - Non-nationals accounted for 45,000 of the increase in total employment of 96,200 in the year to Q3 2005.
 - The proportion of non-nationals in the Irish workforce is towards the top end of the range in the EU.
 - 31% of non-national workers come from the EU Accession States.
 - 6.3% of non-national workers were unemployed in Q3 2005 versus the national average of 4.6%.
 - There is a relatively wide and even distribution of non-national workers by sector in Ireland in both absolute and percentage terms.
 - 22,600 non-nationals are employed in the construction sector. This equates to 9% of that sector's workforce. The number of non-nationals employed in this sector has almost doubled over the last year. The share of non-nationals in the construction sector is not out of line internationally.
 - 56% of non-national workers in construction come from the Accession States.
 - There are large numbers of non-nationals working in other sectors of the economy (see Table 1). In absolute terms, the largest number is in manufacturing - 27,800- representing 9.4% of that workforce. About 40% of these workers come from the Accession States (Table 2).

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- There are 23,100 non-nationals in the hotel and restaurant sector, representing 19.2% of that sector's workforce. This is the highest percentage share of non-nationals in any sector in Ireland. Around 25% of these non-national workers come from Asia.
- The financial and business services sector has 21,500 non-national workers (8.2% of that workforce). Over half of these workers come from the UK and the other EU-15 Members.
- In health and education, the 21,200 non-nationals account for 12.8% of that workforce. There are almost 19,000 non-nationals in the wholesale/retail trades, representing 6.6% of total employment in that sector.
- Despite the increase in non-national employment in Ireland, employment among indigenous Irish workers has continued to grow and the unemployment rate for this group has remained close to full employment.
- There are three sectors where employment of Irish workers fell while non-national employment increased. In manufacturing, employment of Irish nationals fell by 19,400 in the year to Q3 2005. However, 8,500 more non-nationals were employed in the sector leaving overall employment down by 10,900. In the hotels sector, there was a decline of 1,000 in employment among Irish nationals while non-national employment rose by 5,200. In agriculture, overall employment fell by 300 but non-national employment rose by 2,300 while the number of Irish employees fell by 2,600.
- These figures can offer only prima facie evidence that there could be some displacement of Irish workers by non-nationals. There is no detail on sub-sectors to ascertain whether individual industries are experiencing displacement. Nor can these figures tell us whether Irish workers are moving on to other employment with equal or better employment conditions. Thus, the case regarding displacement remains unproven.
- The growth in non-national workers in the Irish economy is expected to continue. PPS numbers suggest further employment gains. The strength of the economy and the fact that we have been at close to full employment since 2000 will continue to attract foreign workers. The magnitude of inflows may slow down but as evidence from estate agents shows, many of these workers are now buying property and are here to stay.

*John Beggs / Jenny Pollock
February 2006*

NOTES:

The term non-national in this report refers to non-Irish nationals.

This report is based on data supplied by the CSO, unless otherwise stated.

The data are largely survey based and thus may be subject to sampling or other survey errors. The numbers presented here are thus indicative of trends and of broad orders of magnitude rather than definitive figures.

INTRODUCTION

The significant inflow of non-national workers into the Irish economy is now creating political waves and raising public concern about the reported displacement of Irish workers by non-nationals and the potential dampening effects on wages and other working conditions. However, most of these workers are here to stay. Evidence from the real estate sector points to a growing level of home ownership among non-nationals and to a commitment to staying in Ireland.

This paper sets out data on the role of non-national workers in Ireland, which were obtained by the AIB Economic Research Unit from the CSO. Much of the data refer to the Quarterly National Household Survey (QNHS) for Q3 2005 (Table 1). However, the CSO were unable to provide a detailed breakdown by nationality for this quarter and in this regard some of the data relate to Q2 2005 (Table 2). However, these statistics are still quite up to date and provide major insights into the scale and sectoral distribution of non-national workers in the Irish economy in recent times.

Key questions answered by these data include:

- How many non-national workers are there in total employment in Ireland, as opposed to issued PPS numbers.
- In what sectors are they employed.
- How many of them are unemployed.
- Is there any evidence that they have displaced Irish workers.

Many small companies have argued strongly that non-national workers are essential to the continued success of the economy and that we could not have continued to grow without them. There is no doubt that the Irish economy has been virtually at full employment since 2000. Back then, there were fewer than 60,000 non-national workers in Ireland. Furthermore, Irish participation rates had risen to relatively high levels. If significantly more workers were needed, therefore, they would have to come from abroad.

By the very nature of the intensity of international competition today, it is very likely that some non-national workers have displaced Irish workers as companies seek to remain competitive. However, actual statistics on this issue are not available so it is difficult to ascertain the scale on which it may be happening. It is also a complex and contentious area and the phenomenon of displacement cannot be isolated from the creation of jobs in Ireland by foreign multinationals which could be at the expense of their respective home base workers. In reality, this issue must be seen in the round. It could also be argued in some cases that jobs would have been lost but for the substitution of lower paid non-nationals. However, it does not excuse the exploitation of non-national workers, wherever it occurs.

Concerns about the displacement of Irish workers by non-nationals ignore the possibility that these Irish workers could find employment at similar or higher wage levels in other sectors. This is the nature of economic advancement and development. There is no evidence from the data obtained from the CSO that unemployment amongst the indigenous Irish labour force is on the increase. Indeed, at a time of unprecedented inflows of non-national workers, participation by indigenous workers has increased in Ireland.

TABLE 1: The Scale of Non-Nationals in Irish Employment by Sector in Q3 2005

Sector	Total	Irish Nationals		Non-Nationals	
		Number	% of Sector	Number	% of Sector
Agriculture, Forestry and Fishing	119,600	114,800	96.0	4,800	4.0
Other Production Industries	294,600	266,900	90.6	27,800	9.4
Construction	252,100	229,600	91.0	22,600	9.0
Wholesale and Retail Trade	286,600	267,800	93.4	18,900	6.6
Hotels and Restaurants	120,400	97,200	80.8	23,100	19.2
Transport, Storage and Communication	118,500	110,600	93.3	7,900	6.7
Financial and Other Business Services	263,300	241,800	91.8	21,500	8.2
Public Administration and Defence	101,000	99,500	98.5	1,500	1.5
Education	119,800	114,200	95.3	5,600	4.7
Health	191,500	175,900	91.9	15,600	8.1
Other Services	122,400	112,000	91.9	9,900	8.1
Total Employment	1,989,800	1,830,600	92.0	159,300	8.0

TABLE 2: Numbers Employed in Q2 2005 by Sector and Nationality (Thousands)

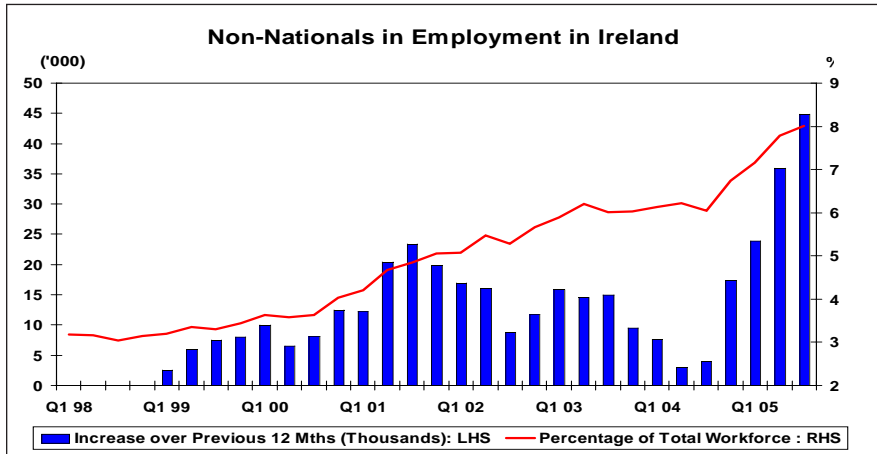
Sector	Irish Nationals	UK	Other EU-15	Accession States	Non-EU Europeans	Africa	North America	Asia	Other	Total
Agriculture, Forestry and Fishing	109.0	0.7	0.7	2.9	*	*	*	*	0.3	113.7
Other Production Industries	269.0	5.5	2.5	10.3	1.6	1.4	0.4	2.0	1.6	294.2
Construction	220.6	5.0	0.7	12.2	1.3	0.5	*	0.9	1.0	242.4
Wholesale and Retail Trade	248.9	4.5	1.9	5.6	1.2	1.3	0.4	2.3	0.8	266.9
Hotels and Restaurants	89.2	2.0	3.0	7.8	0.9	0.9	0.5	5.6	1.1	111.0
Transport, Storage and Communication	111.4	2.7	1.1	1.3	0.5	0.5	*	*	0.3	118.2
Financial and Other Business Services	236.4	5.7	5.8	3.5	1.0	0.9	0.6	1.8	1.3	257.1
Public Administration and Defence	97.1	0.8	*	*	*	*	*	*	*	98.2
Education	116.6	2.3	2.1	0.3	*	0.4	0.5	0.5	*	123.1
Health	173.7	4.8	1.1	1.0	0.5	1.0	0.4	5.1	0.5	188.0
Other Services	107.1	3.6	1.9	2.4	*	*	0.3	0.5	*	116.4
Total Employment	1779.0	37.5	20.9	47.3	7.5	7.1	3.5	19.0	7.6	1929.2

* Too few to be shown separately

Non-Nationals Account for 8% of Total Employment in Ireland

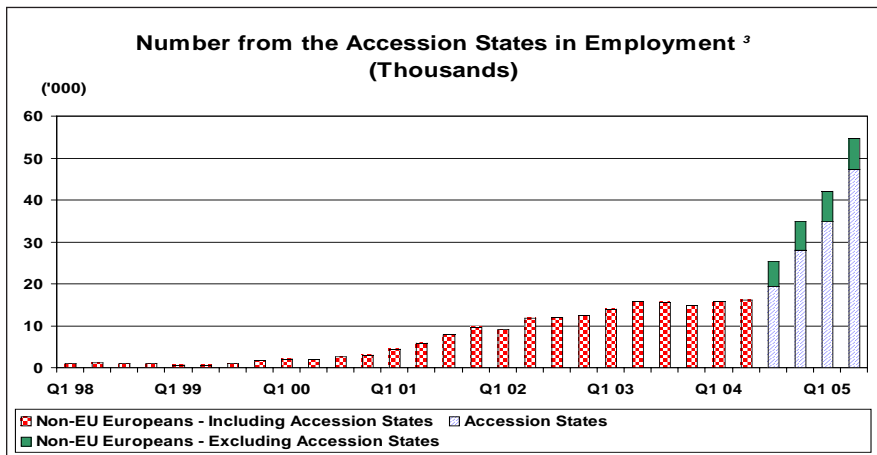
159,300 non-nationals in employment in Ireland in Q3 2005

There were 159,300 non-nationals in employment in Ireland in Q3 2005¹. This represents 8% of total employment of 1,989,800. There was an increase of almost 45,000 in the number of non-nationals in employment in Ireland in the year to Q3 2005. This represented 46.5% of the total increase in employment of 96,200 over the period. This increase is a continuation of the trend in rising non-national participation which has seen the proportion of non-nationals in employment pick-up from below 3% in 1998.



Marked increase in workers from Accession States

There has been a marked increase in non-national workers since the opening up of the Irish economy to the Accession States in May 2004. In Q2 2005, there were 47,300 workers from the Accession States in Ireland² and the number of workers from these countries would appear to have more than trebled³ since the Accession States joined the EU. Those from the Accession States accounted for 31.5% of non-national workers in Q2 2005 compared to less than 14% a year earlier.



1: Based on a breakdown of Quarterly National Household Survey (QNHS) data obtained from the CSO

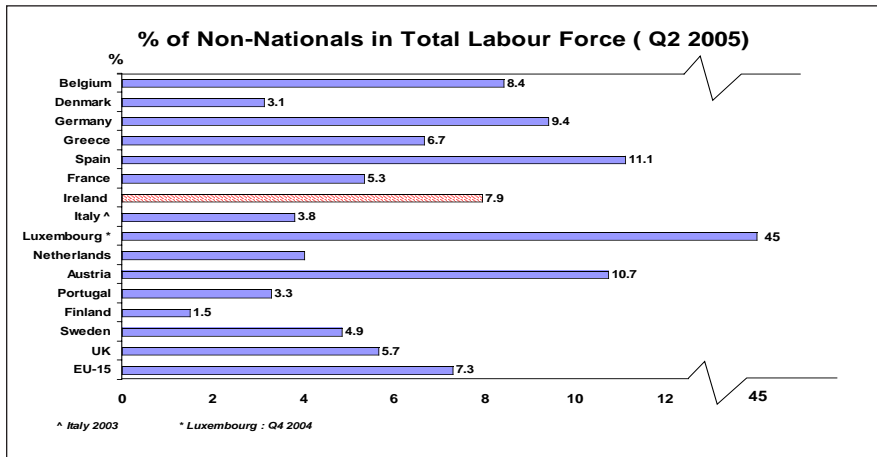
2: The CSO have only provided a breakdown of QNHS data by nationality to Q2 2005.

3: Prior to May 2004 workers from the Accession States were classified as part of the non-EU European category. In Q2 2004 there were 16,200 non-EU Europeans (including those from the Accession States) in the workforce. By Q2 2005 there were 47,300 workers from the Accession States plus another 7,500 non-EU European workers, giving a total of 54,800.

When it comes to the total labour force (employed + unemployed) non-nationals account for 8% of the total ...

While the level of non-national participation in the total labour force (employed plus unemployed) has increased significantly (to 8%) this is not exceptional in an EU context. In Q2 2005 the proportion of non-nationals in the Irish labour force was 7.9% while the average for the EU-15 was 7.3%. There were four other EU-15 countries with higher levels of non-nationals in their labour forces than Ireland (with percentages ranging from 8.4% to 10.7%). These figures exclude Luxembourg which has an exceptionally high level of non-nationals (around 45%) due to the presence of a multitude of EU institution offices.

... but this is not exceptional in an EU context



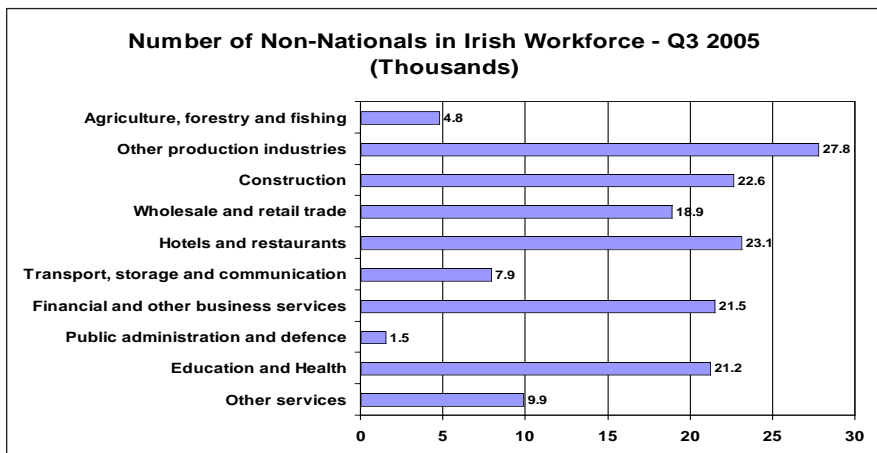
Source: Eurostat

Non-Nationals Employed in Many Sectors of Economy - Not Just Construction

22,600 non-nationals in construction sector jobs ...

Much of the media attention in terms of non-national workers has focused on their role in the construction sector. However, as the chart below highlights, **the construction sector in no way stands out in terms of the number of non-national workers**. In Q3 2005, there were 22,600 non-nationals employed in the construction sector in Ireland. However, there were 27,800 employed in manufacturing. Meantime, the levels of non-nationals employed in education and health combined (21,200), financial

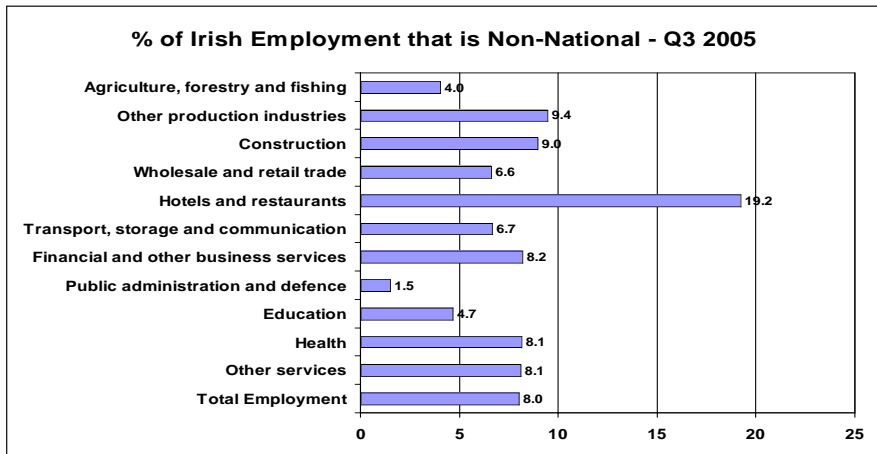
... but similar number in other sectors of the economy



and other business services (21,500), hotel and restaurants (23,100) and the wholesale and retail trades (18,900) in Q3 2005 were roughly similar to the number of non-nationals employed in the construction sector.

Percentage of workers in construction that are non-national is also not exceptional

Neither does the Irish construction sector stand out in terms of the percentage of its workforce that is non-national. The sector with by far the biggest percentage of non-national workers is the hotel and restaurant sector at 19.2% in Q3 2005. The manufacturing sector had the next largest representation of non-national workers at 9.4%, followed by the construction sector at 9.0%. Furthermore, there are several other sectors in which non-nationals represent a not too dissimilar percentage of the workforce to construction, namely: financial and other business services (8.2%); health (8.1%) and other services (8.1%). Indeed, overall, non-nationals accounted for 8.0% of the total workforce at Q3 2005, not significantly less than the construction sector's representation of 9%.



Similar levels of non-nationals in construction in other EU States (latest available data - 2003)

Irish construction is also not particularly exceptional in an EU context in terms of which sectors of the economy non-nationals have found jobs. According to Eurostat data, 6.9% of the non-national workers in Ireland in 2003 were employed in construction. Thus, in 2003, Ireland had one of the lower shares of the EU countries in terms of the proportion of its non-national workforce that had found employment in construction.



Source: OECD, CSO

Since then, there has been a strong rise in the proportion of the non-national workforce in Ireland employed in the construction sector. Data for Q3 2005, put the percentage of non-national workers employed in construction at 14.2%. However, this is still not exceptional in the EU-15. The Eurostat 2003 numbers for Spain, France and Luxembourg were 17.7%, 16.4% and 16%, respectively.

Construction Now Has Large Number of Workers from Accession States

Construction has a higher proportion of workers from Accession Countries than other sectors

One area where construction does stand out is in the percentage of workers from the Accession States employed in the sector compared to other sectors in Ireland. In Q2 2005 (the most recent period from which such data are available) some 5% of workers employed in the construction sector were from the 10 new Accession States as opposed to 2.5% for the economy as a whole.

Irish Employment by Nationality Q2 2005				
	Construction (‘000) %		Total Employment (‘000) %	
Irish	220.6	91.0	1779.0	92.2
Non-Nationals <i>of which</i>	21.8	9.0	150.2	7.8
UK	5.0	2.1	37.5	1.9
Other EU-15	0.7	0.3	20.9	1.1
Accession States	12.2	5.0	47.3	2.5
Non EU European	1.3	0.5	7.5	0.4
Rest of the World	2.6	1.0	37.0	1.9
Total	242.4	100.0	1929.2	100.0

Thus, while construction accounts for about 12.5% of total employment, and just over 14% of non-national employment, almost 26% of workers from the Accession States are employed in the construction sector.

Recent increase in construction employment almost exclusively Irish nationals or from Accession States

Overall, there was a 36,400 increase in the number employed in the construction sector in the year to Q2 2005. The official data indicate that the vast majority of these were Irish nationals (+24,600 or 68%). However, the balance were almost exclusively from the Accession States⁴.

4: Includes also non-EU Europeans - See footnote 3 on page 3



Indeed, in the year to Q2 2005, 29% of the increased number of workers from the Accession States⁴ found employment in the construction sector. This is well over twice the sector's weighting (of 12.3%) in terms of overall employment.

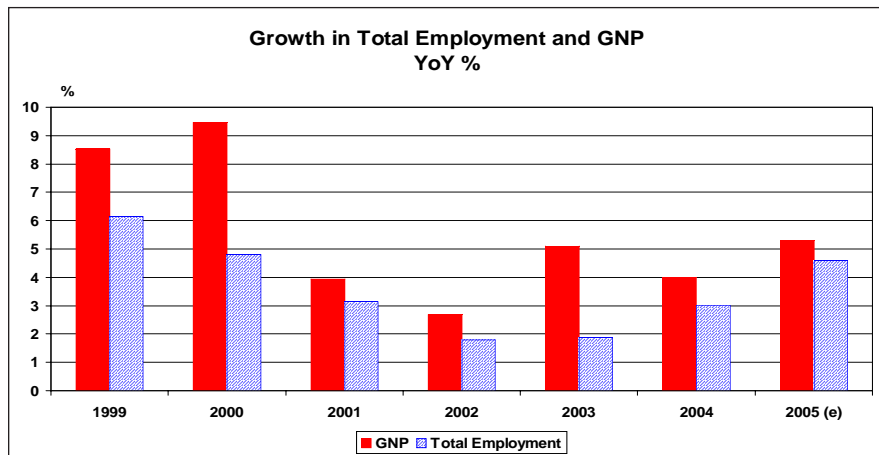
Hotel and restaurant sector also attracting substantial number of new employees from Accession States

A similar trend is evident in the hotels and restaurant sector. Some 14.5% of the increased number of workers from the Accession States⁴ in the year to Q2 2005 found employment in this sector, some two and a half times the sector's weighting in terms of overall employment.

Non-Nationals Significant Source of Irish Employment Growth

Ireland's recent strong economic growth mirrors employment performance

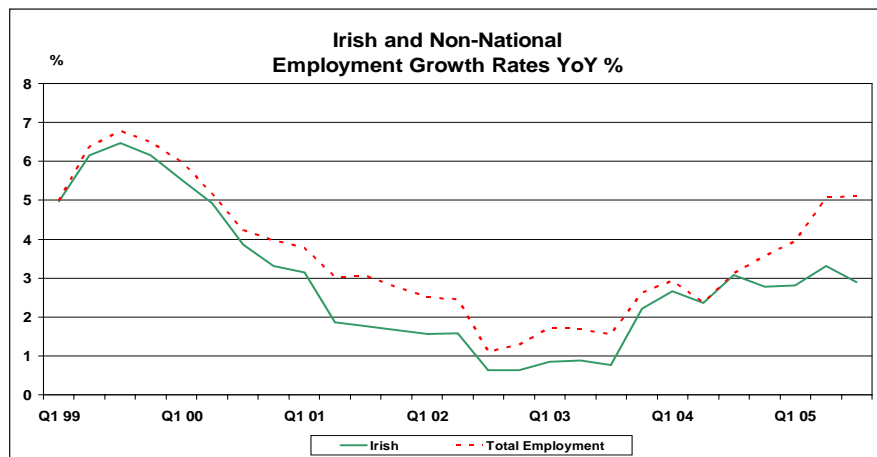
The increased non-national participation in the workforce has been an important driver of Ireland's recent strong employment growth. Without this, it seems likely that the recent strong economic growth would not have been possible. Indeed, Ireland's superior growth performance within the eurozone largely mirrors its comparatively strong employment growth.



The QNHS data show that employment growth accelerated to 5.1% year-on-year in Q3 2005, from an average of 3.0% in 2004. However, this in no small part reflects the impact of an increasing number of non-nationals gaining employment in Ireland. Employment by Irish nationals increased by a more modest 2.9% year-on-year in Q3 2005, up only slightly from 2.7% on average in 2004.

Employment growth would have been significantly lower without non-nationals

Without non-national participation, employment growth would have been on average 0.7% lower since 1999 and 2.2% lower in the year to Q3 2005. This differential has increased significantly in recent quarters, from a trough of close to zero in Q2 and Q3 2004. This no doubt partly reflects the strong influx of non-national workers over the past year, particularly since the Accession States joined the EU in May 2004. The impact of non-nationals on employment growth over the past year implied by the CSO data may, though, be overestimated by a sampling error⁵.



Question of job displacement unproven

Overall, there has been significant employment growth for both Irish nationals and non-nationals and there is only *prima facie* evidence that there could be some job displacement in some sectors of the economy. The CSO data show that in some sectors of the economy there has been a rise in non-national employment while the level of employment by Irish nationals has fallen. However, the data are not disaggregated enough to look at specific sub-sectors and thus **whether or not job displacement has taken place is unproven.**

Rising non-national employment and falling employment by nationals in some sectors

Notably, in the manufacturing sector, there was a decrease in employment by Irish nationals of 19,400 in the year to Q3 2005 but an increase in employment by non-nationals of 8,500, reducing the decrease in total employment over the period to 10,900. Similarly, in the hotel and restaurant sector, while there was a net increase of 4,200 jobs, Irish national employment decreased by 1,000 but employment by non-nationals rose by 5,200. There was also a decline in Irish nationals working in agriculture while employment by non-nationals increased. Meanwhile, in transportation, only 600 Irish nationals gained employment over the period compared with 3,100 non-nationals.

⁵: It would seem that there may have been a sampling error which underestimated the number of non-national workers in the year to Q2/Q3 2004. The resultant low base would serve to boost the magnitude of the increase in the non-national workforce in the year to Q2/Q3 2005.

Increase in Irish Employment by Sector Year to Q3 2005			
Sector	Irish Nationals	Non-Nationals	Total
Agriculture Forestry and Fishing	-2,600	2,300	-300
Other Production Industries	-19,400	8,500	-10,900
Construction	20,000	10,400	30,400
Wholesale and Retail Trade	12,600	3,900	16,500
Hotels and Restaurants	-1,000	5,200	4,200
Transport, Storage and Communication	600	3,100	3,700
Financial and Other Business Services	14,500	5,700	20,200
Public Administration and Defence	7,000	500	7,500
Education	7,700	-200	7,500
Health	6,100	3,300	9,400
Other Services	6,000	1,900	7,900
Total Employment	51,500	44,800	96,200

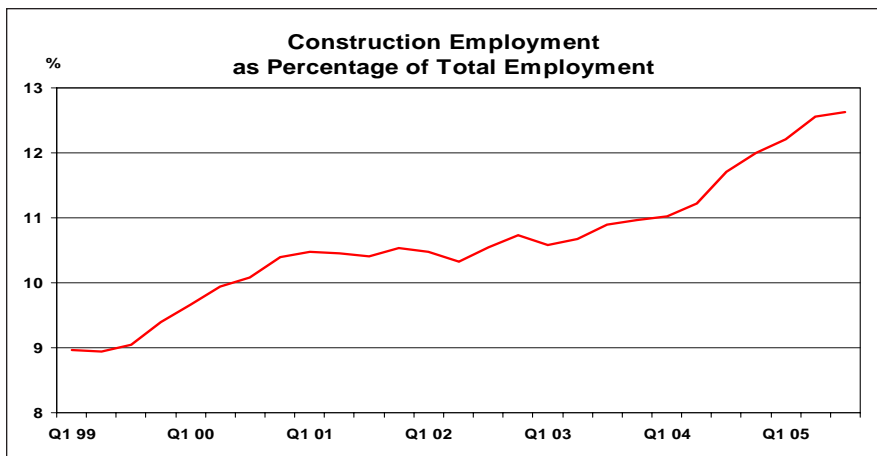
Note: Figures may not total due to rounding errors

... though both Irish and non-nationals gained jobs in construction

However, while much of the media attention has focused on the construction sector, only 30% (10,400) of the increased employment in this sector in the year to Q3 2005 went to non-nationals with an additional 20,000 Irish nationals employed in construction over the period.

Without the construction sector, overall employment growth would have been significantly lower

The strength of this construction employment by both nationals and non-nationals **has been a major driver of the strong overall Irish employment growth**. In the year to Q3 2005, of the 96,200 additional jobs created in the Irish economy, 30,400 (or over 30%) were in construction.



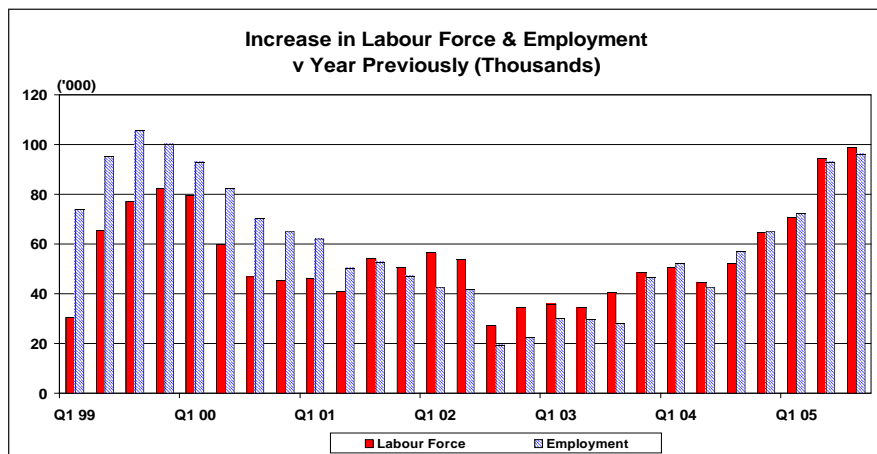
Without the strength of construction employment, the overall growth in Irish employment would have been lower. Total employment grew by 5.1% in the year to Q3 2005. However, employment excluding construction grew at a

more modest, but still impressive, 3.9% in the period. Construction employment as a percentage of total employment has been on a steady growth path in recent years and in Q3 2005 stood at 12.5% having increased from under 9% in early 1999.

High Participation and Low Unemployment Despite Influx of Non-National Workers

Non-nationals entering labour force because of employment opportunities

A striking feature of the Irish labour market is that both the labour force and employment have grown at broadly similar rates in recent years. Demand and supply for labour are in close balance, resulting in a low and steady unemployment rate that is close to full employment. The ready availability of jobs has attracted a growing number of non-nationals to Ireland.



More nationals also being attracted to labour force

However, the increasing number of employment opportunities has also attracted more nationals into the labour force in the form of higher participation rates. There are, though, also underlying demographic factors behind the increase in the labour force as the number of young people entering the labour force exceeds the number of those retiring from it.

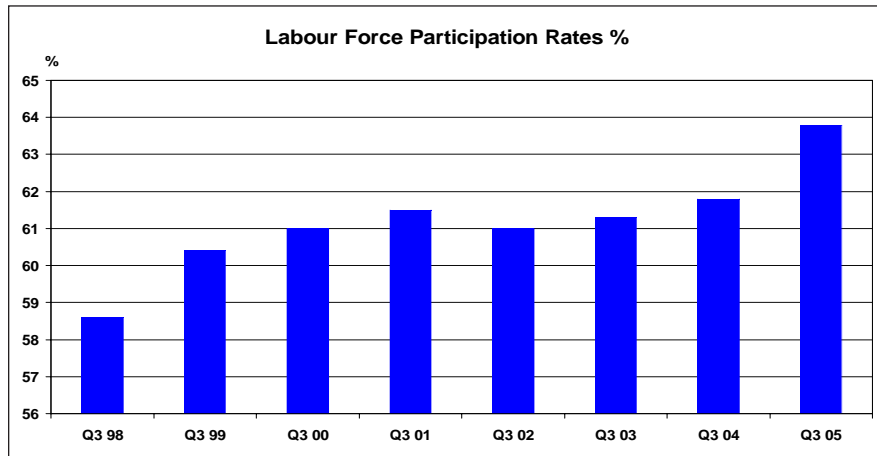
Increased participation, especially amongst females

Employment opportunities along with other economic factors have also seen a steady increase in the level of participation in the labour force, particularly amongst females.

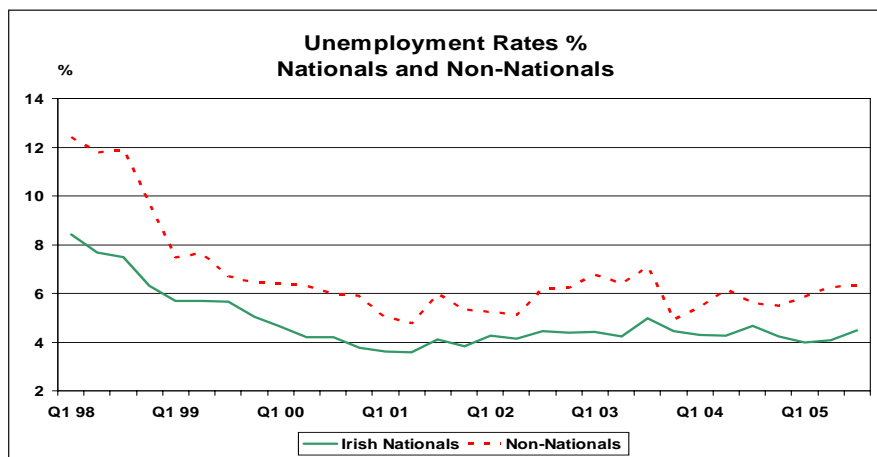
Indeed, the rising participation rate is now more important to labour force growth than demographic factors (excluding migration). Rising participation accounted for 2% of the 5% growth in the labour force in the year to Q3 2005, while demographic factors accounted for only 1%. The balance of 2% is accounted for by the growth in the number of non-nationals in the labour force.

Unemployment remains low ...

Unemployment in Ireland is low at just above 4% of the labour force. **There is a somewhat higher unemployment amongst non-nationals than**



amongst the indigenous labour force. In Q3 2005, 6.3% of non-nationals in the labour force were unemployed compared to an unemployment rate for Irish nationals of close to 4% - though the trends in both instances are very similar.



... but is slightly higher amongst non-nationals at 6.3%

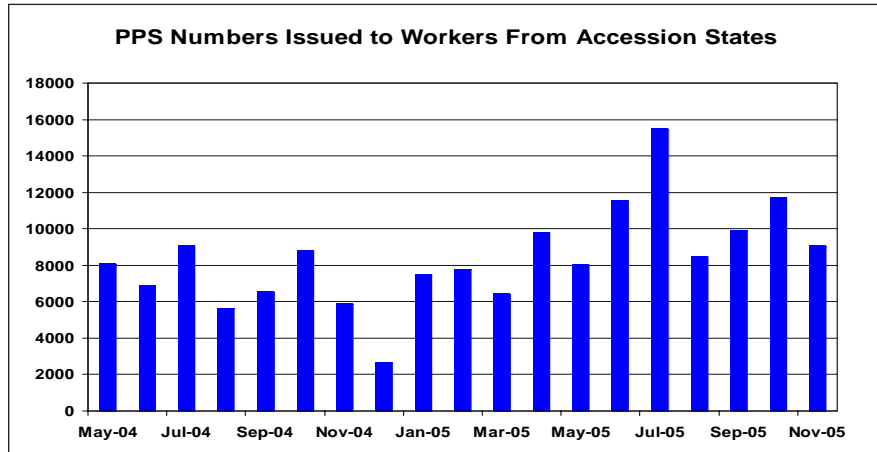
The higher non-national unemployment rate may in part reflect the length of time new migrants take to find employment. Also, the more transitory nature of some of the employment undertaken by non-nationals - as indicated by their high rates of participation in the hotels and restaurant plus construction sectors - may well also be a factor. However, **there is no evidence from the data that the growth in non-national employment is causing a rise in unemployment amongst Irish workers.**

PPS Data Point to Continued Inflows of Non-National Workers

Notable increase in PPS numbers issued to Accession States workers

There are strong indications, from data on the number of PPS numbers issued, that there is a continuing high level of inward migration from the Accession States. These data show the number of people applying for a PPS number. It does not necessarily mean that the holder of a PPS number is currently employed or is even currently resident in Ireland. Indeed, there

was a notable increase in the number of PPS numbers issued to members of the Accession States over the summer months of 2005. This, no doubt, reflects an influx of summer student workers who returned to their home countries at the end of the summer period.

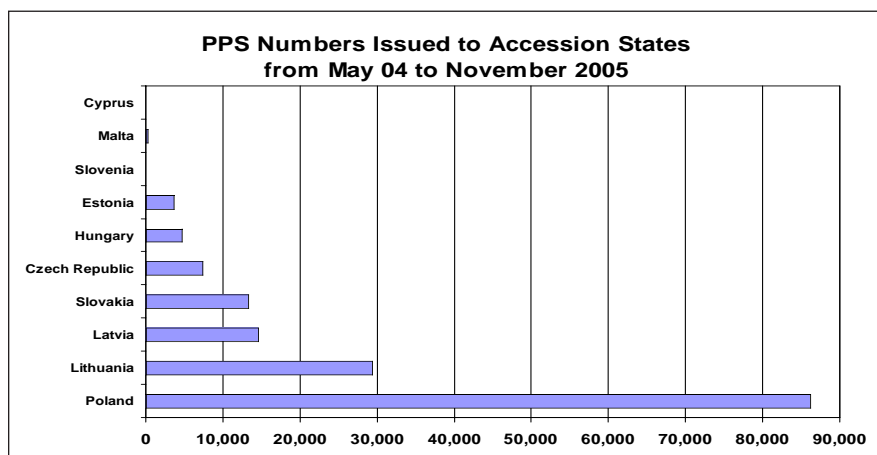


Source: Department of Social and Family Affairs

No downturn in number of PPS numbers being issued

However, what is also notable from the data is that subsequent to this seasonal spike there has been no downturn in the number of PPS numbers being issued to members of the Accession States. Indeed, in the four months from August to November 2005 there were, on average, 3,000 per month (+45%) more PPS numbers issued to this group than in the same period a year earlier.

Amongst the Accession States, the majority (54%) of PPS numbers that have been issued since the enlargement of the EU have been issued to people from Poland. The next largest representation is from Lithuania (18%), followed by Latvia (9%) and Slovakia (8%).



Source: Department of Social and Family Affairs

Concluding Remarks

The number of non-nationals in the Irish labour market has grown significantly over the past few years. The rate of growth has increased dramatically since the enlargement of the EU in May 2004. This large increase in non-nationals from the Accession States has raised comment amongst politicians and the trade unions about their impact on Irish indigenous employment, wages and other working conditions.

The scale of non-national employment, at about 160,000 or 8% of total employment is not particularly large by international standards. However, the share has risen from 6% a year ago and 3% in 1998 and the indications are that it may continue to rise in the short term.

Concern has been expressed about the large number of non-national workers in the Irish construction sector. Some of these comments relate to their impact on wage conditions. However, a more macro concern relates to the overall scale and share of construction employment in total employment, and the risks to the economy of a sharp fall in this sector.

The data supplied by the CSO show that non-nationals accounted for 22,600 (9%) of a total construction sector workforce of 252,100 in Q3 2005. This share rose from 5.5% a year earlier. Ireland is currently enjoying a particularly strong building boom as we raise our social and economic infrastructural standards. Right now we need these workers.

However, as the data also show, there are comparable numbers of non-nationals in other sectors, accounting for broadly similar percentages of these respective sectoral workforces. What Ireland has today is a broad profile of sectors generating sustained growth in output and employment. The scale of the construction sector will probably contract at some time in the future but with favourable and flexible labour market conditions, and given the strong growth in other sectors of the economy, this adjustment can be accommodated.

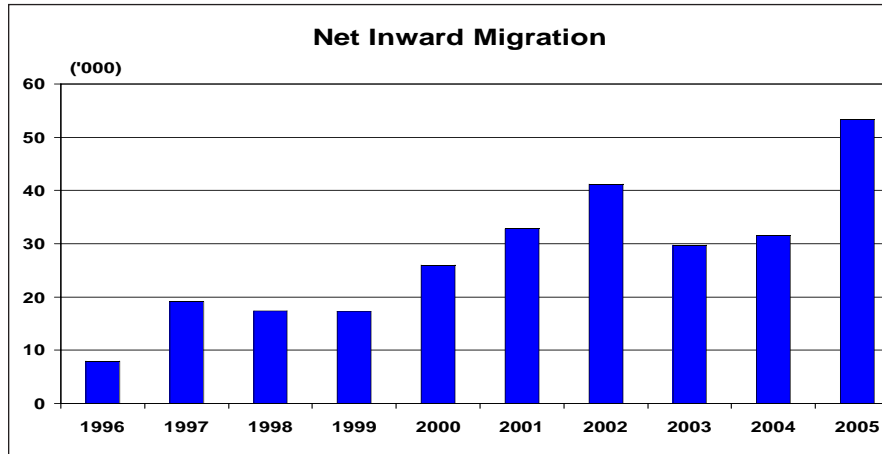
As stated in the introduction, the issue of non-national workers in Ireland has to be seen in a wider context. The social partners must find a satisfactory way of dealing with these realities so that the Irish economy can compete in world markets, while also ensuring that flexible markets enhance employment conditions for all workers in Ireland.

Appendix:

Relationship Between Non-National Employment and Migration Flows

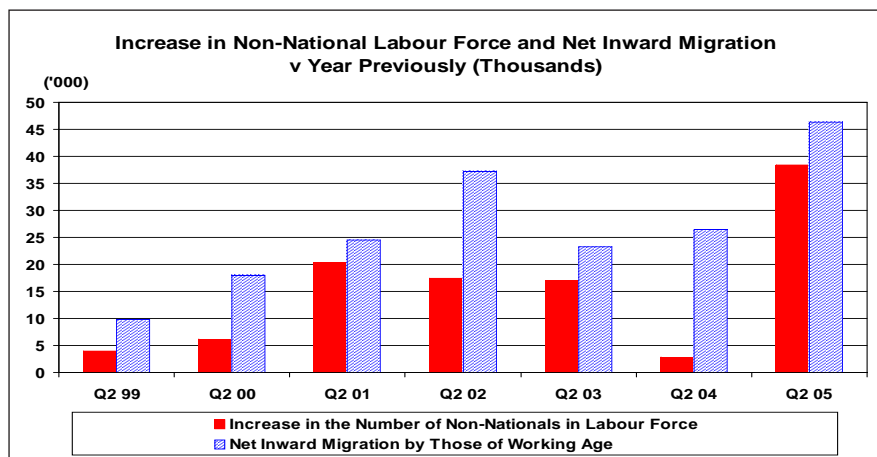
Increased non-national workforce reflects migration flows ...

The increased non-national labour force that has been discussed in the main body of this report obviously reflects strong net inward migration. In the year to April 2005 there was a marked increase in net inward migration to 53,400. There has been a significant increase in the level of net inward migration since immigration flows turned positive in the year to April 1996, when there was net inward migration of just 8,000. However, the figure for the year to April 2005 has broken all records.



... but no direct relationship ...

However, care must be taken in making comparisons between migration flows and the changes in the level of non-national workers. As can be clearly seen from the chart below - which compares the increase in the non-national workforce and the level of net inward migration of those of working age (15 - 65) - there is no direct comparison between the actual increase in the non-national labour force and the net migration flows in any year.



... for several reasons

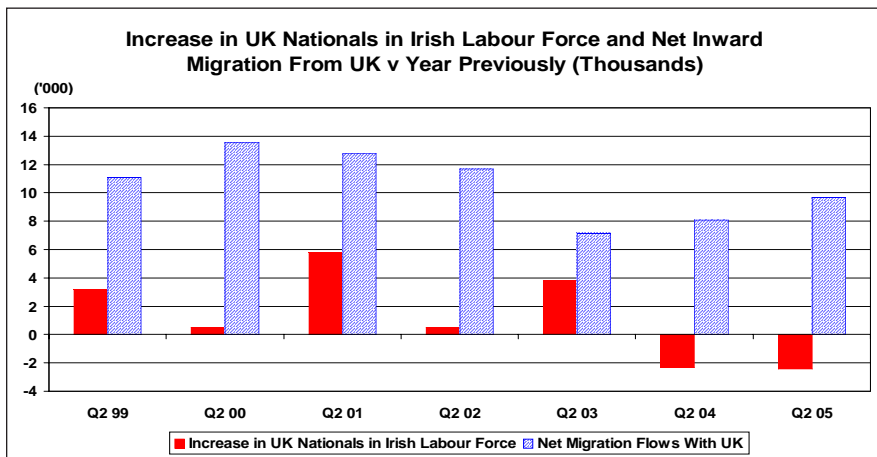
There are a number of reasons for this. These include:

- The labour force data refer to the nationality of the workers while the migration figures are based on the origin or destination of migrants. In the case of migration flows to and from the UK in particular, many of the inward migrants may indeed be returning Irish nationals.
- The labour force data are stock figures while the migration estimates are flow data.
- There are differences in the timing of the survey periods.

- Non-nationals entering the workforce may have been resident in the country for some considerable time before entering the labour force.
- Migrant data include asylum seekers who are not allowed to enter the labour force.
- The number of non-working adult dependants in the migration data also distorts the relationship.

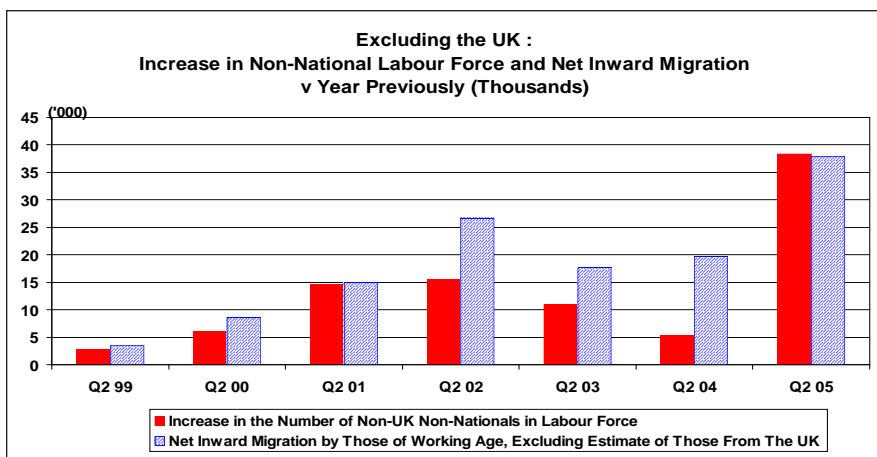
UK flows a major distortion

The presence of Irish nationals amongst the migrant data is particularly relevant in terms of migration flows with the UK. There has been considerable net inward migration from the UK over the past seven years. However, there has been only a small net increase in the number of UK nationals in the Irish labour force in these years. Indeed, over the last two years the number of UK nationals employed in Ireland has fallen.



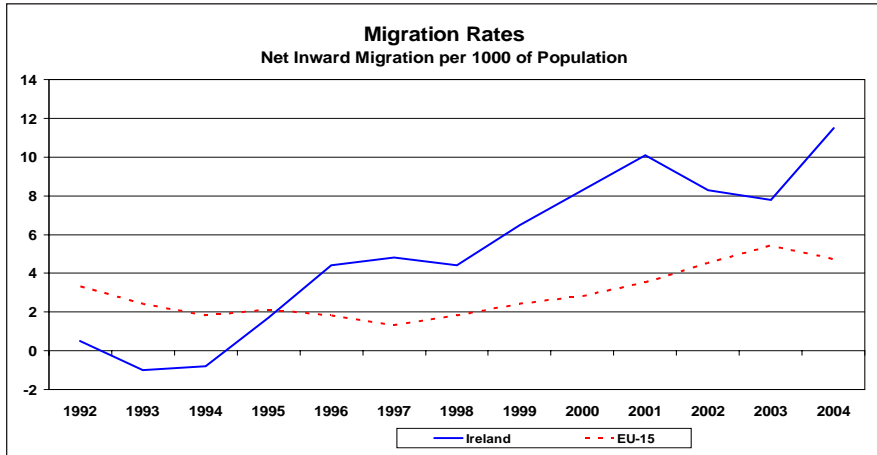
If we adjust the number of net inward migrants of working age for an estimate of migration flows of working age to and from the UK, the migration flow data more closely equates to the increase in the non-national labour force (excluding UK nationals).

On this basis, over the 1999-2005 period, the increase in the non-national labour force has been on average approximately 70% of the level of net inward migration amongst those of working age. Notably, in the year to Q2 2005, there was a sharp rise in both net inward migration and non-nationals entering the labour force (excluding the UK in both instances).



Inward migration has increased across the EU

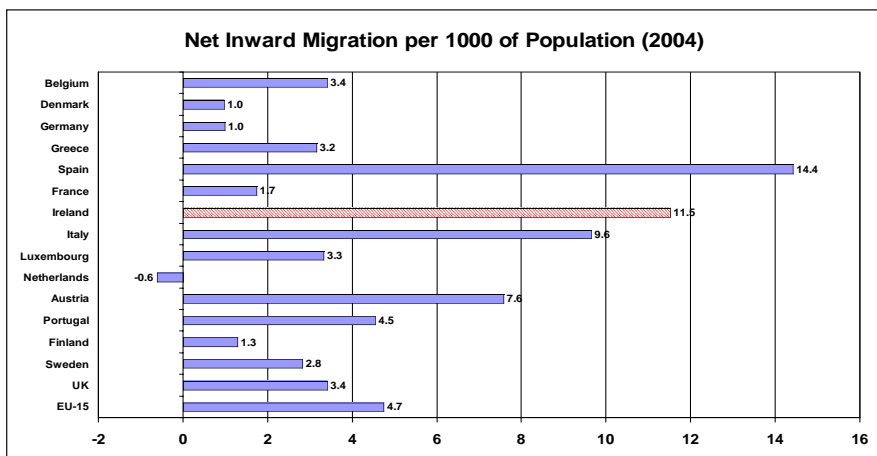
The recent high levels of net inward migration into Ireland are not a uniquely Irish phenomenon. There has been a steady increase in net inward migration across the EU-15. The number of inward migrants into Ireland as a percentage of the population, though, is significantly higher than the average rate of net inward migration for the EU-15 countries.



Source: Eurostat

But in an EU context Ireland has a high rate of inward migration

Indeed, in 2004, Ireland had one of the highest rates of net inward migration within the EU-15. Ireland (at 11.5 persons per 1000 of population) was second only to Spain (14.4 persons). The next highest in terms of net inward migration was Italy (9.6 persons). Immigration rates for these two countries, Spain and Italy, though, have been boosted in recent years by regularisation programmes which have made parts of the migrant population residing illegally in the EU more visible in the official statistics. Excluding these two countries, Ireland is a real outlier in terms of high net inward migration within the EU-15.



Source: Eurostat

Hardly surprising given the large number of workers from the Accession States entering the labour force over the year to Q2 2005, migrants from these new Accession States accounted for almost half of net inward migration flows into Ireland over the year to April 2005.

Immigrants from the Accession States accounted for 37.4% of total immigration in this period. However, there is very little emigration to the Accession States. Thus, in terms of net migration flows, the Accession States were even more significant, accounting for just over 48% of net inward migration.

Migration Flows into Ireland by Nationality (% of total) Year to April 2005			
Origin/ Destination	Emigrants	Immigrants	Net Migration
UK	24.7	19.7	18.2
Rest of EU-15	17.5	12.7	11.2
Accession States	3.0	37.4	48.1
USA	10.2	6.1	4.9
Rest of the World	44.6	24.0	17.6
Total	100.0	100.0	100.0

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