

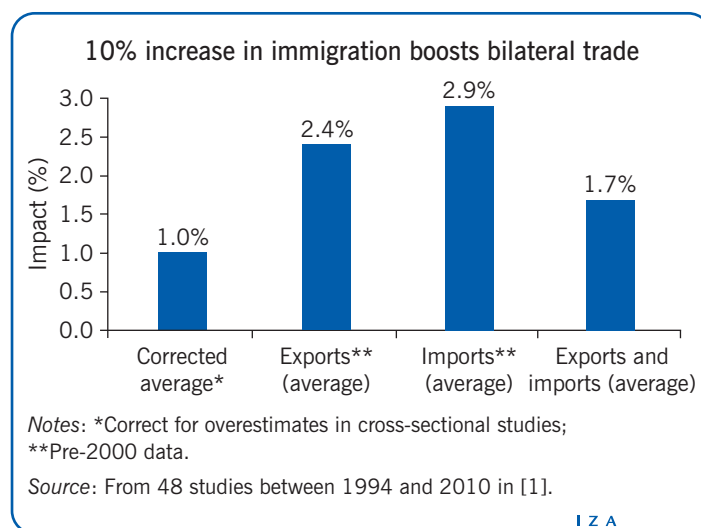
The impact of migration on trade

Immigrants are good for trade

Keywords: migration, international trade, trade facilitation

ELEVATOR PITCH

International trade and migration are two important dimensions of globalization. Although governments have been very willing to open their borders to trade, they have not been so liberal in their immigration policies. It has been suggested, however, that a causal positive link might exist between immigration and trade. Could governments further increase international trade by also opening their doors to immigrants? If they could, does it matter what type of immigrants are encouraged? And is there a saturation level of immigrants after which this positive impact disappears?



KEY FINDINGS

Pros

- + There is a causal positive relationship between migration and international trade.
- + A 10% increase in the stock of immigrants can boost trade by an estimated 1.5% on average.
- + Almost no studies have found a negative impact.
- + Rich data with better and more immigration data than past studies yield similar results.

Cons

- Some of the variation in the estimated effect of increased immigration on trade is due to the econometric methods used.
- Most studies do not allow the estimated effect of immigration on trade to differ for different immigrant stocks.
- Results from cross-sectional studies need to be interpreted with caution as they may overestimate the impact of immigrants.

AUTHOR'S MAIN MESSAGE

Immigration increases trade. The size of the impact depends on the type of sending countries, the type of commodities, the type of immigrants, and the size of the existing migrant population. So, it makes sense for governments to follow more liberal migration policies. Promoting the pro-trade impact of immigrants in a wider public domain could make citizens more tolerant of more liberal immigration policies.