

# IAB-Colloquium

zur Arbeitsmarkt- und Berufsforschung

Einladung  
07/2018

## The Effect of Recent Labour Market Oriented Immigration from EU Member States on Wage Dynamics in Germany

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This note investigates the wage impact of recent fairly strong labour market oriented net immigration flows from EU member states to Germany. The analysis is based on a modified approach to estimating wage growth in Germany taken in the Bundesbank macroeconometric model. The results indicate that recent net immigration from EU member states to Germany reduced annualised wage growth by almost 1 percentage point on average over the past two years. According to the results, the wage effect of net immigration kicks in with a sizeable lag of three to five years. This might reflect the time it takes newly arrived immigrants from EU members states to catch up to the qualification level needed to compete fully with incumbent employees. Even when taking into account the wage effect of net immigration, tight labour market conditions contributed strongly to upward wage pressure in recent years. At the same time, wage growth contributions of low inflation rates and relatively weak productivity growth were below average. The results also suggest that the price decline of imported intermediate goods might have contributed positively to wage growth to some extent via increased profit margins of firms in recent years.

**Datum:**

Mittwoch,  
21. März 2018

**Uhrzeit:**

14:00 Uhr

**Ort:**

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