

RECENT DEVELOPMENTS IN THE POPULATION OF SPAIN

This box is part of the "Quarterly report on the Spanish economy" for 2019 Q3

According to the latest Spanish population figures published by the INE (National Statistics Institute), the population resident in Spain at 1 January 2019 was slightly above 46.9 million, somewhat more than 100,000 above the previous high reached in 2012. This represents an annual increase of nearly 280,000 people and, consequently, the annual growth rate rose to 0.6% from 0.3% a year earlier, continuing the trend of mild recovery seen in previous years (see Chart 1). This population increase exceeded that envisaged in the INE's latest projections of October 2018 (0.4%) and was due exclusively to the rise in the numbers of foreign nationals. This population group increased by 290,000 in 2018, its

growth rate rose to 6.3% and its relative weight in the total population moved above 10%, up 0.5% on the previous year.

The high migrant flows in 2018 counteracted the deterioration in the *natural increase*, defined as the difference between the number of births and the number of deaths (see Chart 2). This statistic was negative for the second consecutive year, exceeding 50,000 as a result of fewer births (-6.2% with respect to 2017, to 369,302, approaching the historical low of 1996) and a slight increase in deaths (0.4%). In particular, immigrant inflows increased by 21%, and this, combined with a drop of 16% in outflows with respect to the previous year, made for a

Chart 1
TOTAL POPULATION (a)
12-month % change

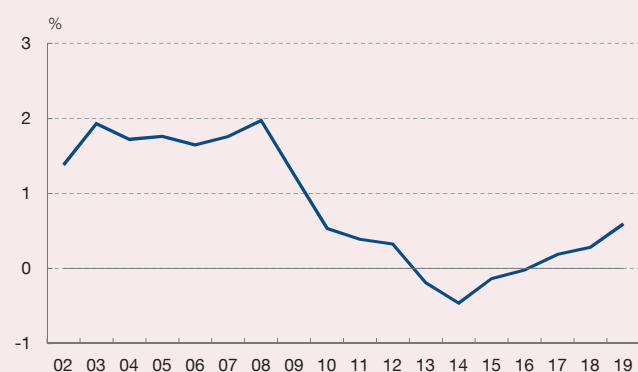


Chart 2
NATURAL INCREASE

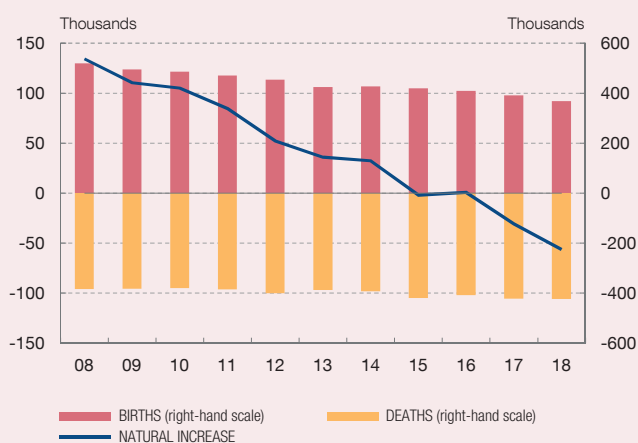


Chart 3
FOREIGN MIGRANT FLOW

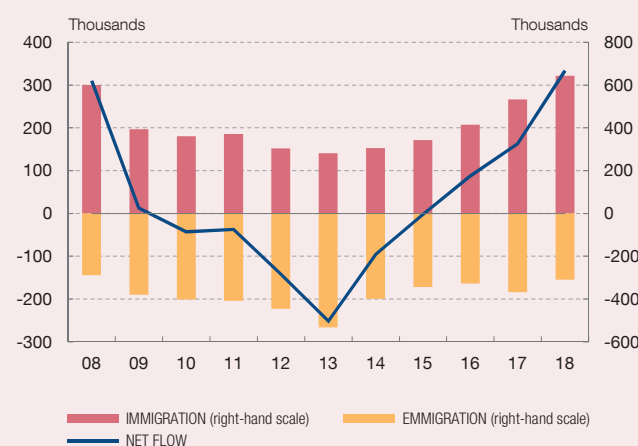
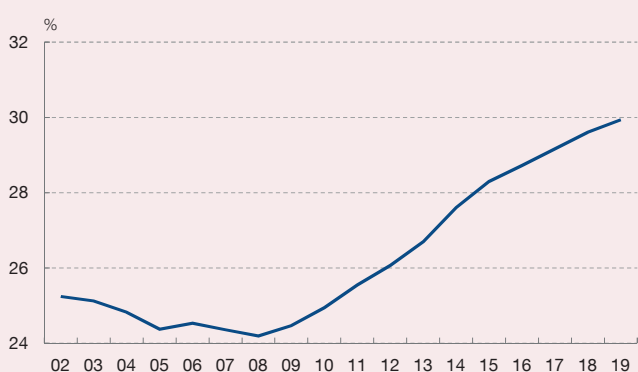


Chart 4
DEPENDENCY RATE (a) (b)



SOURCES: INE and Banco de España.

a Data relating to 1 January of each year.

b Defined as the population over 64 years of age divided by that between 16 and 64.

RECENT DEVELOPMENTS IN THE POPULATION OF SPAIN (cont'd)

net inflow which more than doubled that of 2017 to stand above 330,000, a level similar to that of 2008, after the sharp falls in net inflows during the crisis period (see Chart 3). These figures surprised by being around 80,000 higher than the INE's latest (October 2018) population projections, due to higher-than-expected inflows and to lower outflows.

By contrast, the number of nationals diminished slightly (by around 9,000). This was the result of two opposing forces. First, the negative natural increase exceeded 100,000 (it was thus twice as large as that for the total population, which includes both nationals and foreigners). Second, this factor was almost offset by the increase in new additions of Spanish nationality (nearly 100,000

against 26,000 in 2017). In all, this demographic development prolonged the process of progressive ageing of the population in Spain and raised the dependency rate, defined as the population over 64 years of age divided by that between 16 and 64, to 29.9%, nearly 6 pp above that in 2008 (see Chart 4).

Given the key role of migrant flows in explaining recent changes in the population, we analyse below in more detail the destination and origin of these flows. Regarding the destination of immigrant inflows, in absolute terms Catalonia, Madrid, Andalusia and the region of Valencia accounted for the bulk of inflows in 2018, although in relative terms, i.e. expressed as a proportion of the population of each region, the Balearic and Canary Islands

Chart 5
RELATIONSHIP BETWEEN FOREIGN IMMIGRATION AND FOREIGN POPULATION
IN EACH REGION

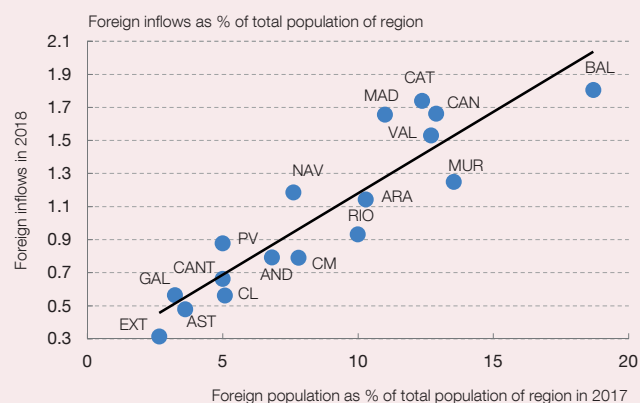


Chart 6
RELATIONSHIP BETWEEN FOREIGN IMMIGRATION AND JOB CREATION
IN EACH REGION

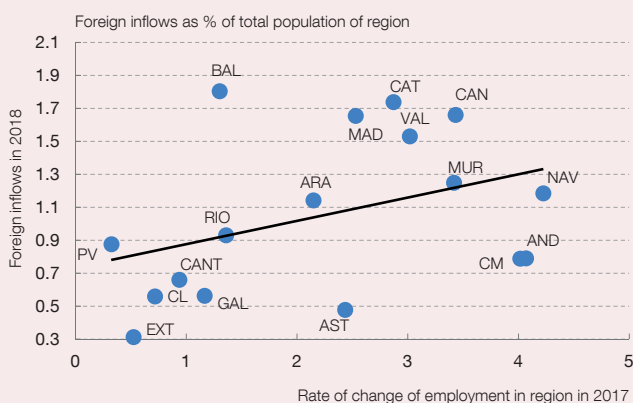


Chart 7
FOREIGN IMMIGRANTS BY NATIONALITY

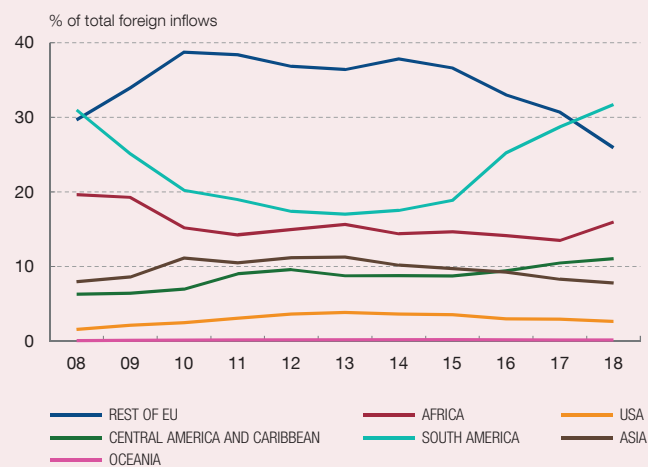
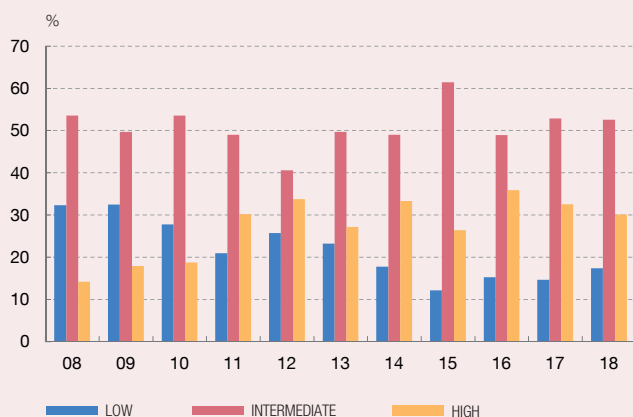


Chart 8
FOREIGN IMMIGRANTS BY EDUCATIONAL LEVEL



SOURCES: INE and Banco de España.

received immigrant inflows similar to those of Catalonia and Madrid. Chart 5 shows that immigrant inflows took place in regions which already had a higher percentage of foreign population. This is normal because of the importance of network effects in the determination of migrant flows.¹ Also in line with what might be expected, economic factors seem to have played a role in attracting immigrants, such that immigrant flows have tended to be to regions with higher employment growth (see Chart 6) and, although here the relationship is not so clear, with lower unemployment rates. In addition, the concentration of foreign workers in the services sector meant that immigrant inflows preferentially targeted the regions most active in this sector.

The most recent Spanish Labour Force Survey data, relating to the second quarter, show that the dynamism of the foreign population continues, with an increase of 7.1%, slightly above the growth of 6.2% observed at the end of 2018.

Regarding the source of these immigrant flows, the recent rise in inflows has been accompanied by some

changes in their composition by country of origin with respect to that observed during the crisis period. Thus, during the economic recovery initiated in 2014, the relative weight of the inflows from Latin American countries rose from 17.5% of total inflows in 2014 to 31.7% in 2018 (see Chart 7). Most notable in this respect was the increase of around 6 pp in the relative weight of the flows from Colombia (to 9.5%) and Venezuela (to 8.4%). Smaller increases occurred in the flows from Central American and African countries. By contrast, the relative weight of inflows of immigrants from EU countries fell by nearly 12 bp to 25.9%. Notable in this case was the decline by more than 6 pp in the relative weight of inflows from Romania, although it continues to be one of the main sources of immigrant flows. These recent changes in the distribution of inflows by country have not given rise to significant changes in the composition by educational level of immigrant arrivals, since those with intermediate educational attainment remain the largest group, although notably the proportion of those with a lower educational level has fallen over the last 10 years (see Chart 8).

¹ See, for example, M. Izquierdo, A. Lacuesta and J. F. Jimeno (2016), *Spain: from massive immigration to vast emigration?*, IZA Journal of Migration, vol. 5(1), for an analysis of the determinants of migrant flows in Spain.