



Satisfying Labour Demand through Migration

EMN Inform's are primarily intended for policymakers and other practitioners and provide a brief summary of the main policy-relevant findings from an EMN activity. This edition presents the EMN's *Satisfying Labour Demand through Migration* Study, with contributions from 23 EU Member States.¹

Key Messages:

- Economic migration from third countries may not be considered by the Member States as the main solution to the challenges of ageing societies, declining populations and skills shortages in Europe.
- Nevertheless well-managed immigration can bring positive consequences, particularly by increasing labour supply and alleviating labour market shortages, both in the short and longer term.
- To achieve this, and to globally compete more effectively, the EU Member States need to be attractive destinations for third-country nationals with relevant skills and competences.

At national level:

- Current approaches in Member States to identify and forecast labour shortages could benefit from improved methods and tools to help to distinguish *inter alia* between skill levels required, plus the occupations or economic sectors in which shortages are, or can be expected to be, occurring;
- Member States and migrants would benefit from better job-matching processes; i.e. finding the person with the right skills set for the job, as well as avoiding third-country nationals being offered jobs for which they are overqualified;
- For those with relevant skills and competences needed in the Member States, existing entry and admission procedures could be further simplified;
- Strategies taking a longer-term perspective help to ensure the sustainability of economic migration, including the avoidance of brain drain and brain waste. International agreements and partnerships have proved effective in this context;
- Better regulation and organisation of procedures for the recognition of qualifications and the validation of skills of third-country nationals can also bring benefits.

At EU level:

- There is a need, once all relevant EU *acquis* have been fully implemented, to assess whether these have the desired effect and to assess what further measures may be necessary;
- There may be particular benefit in further simplifying entry and admission procedures, a first important step being taken with the EU Blue Card and the Single Permit Directive;
- A need to promote exchange of good practice between Member States, to help improve the tools and methods used to identify and manage labour demand and to remove the obstacles concerning the recognition of qualifications and skills obtained outside the EU;
- Further analyses and forecasting of short and longer term economic developments, as well as of demographic change, could seek to identify particular labour market needs. Such work might

¹ The Synthesis Report and 23 National Reports are available from <http://www.emn.europa.eu> under "EMN Studies." The Study covers the period from 2004 up to end of 2010 and includes contributions from **Austria, Belgium, Bulgaria, Czech Republic, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom**.

also serve to promote intra-EU mobility of third-country nationals, as well as temporary and circular migration;²

- A role for the EU in raising awareness to enhance its attractiveness, e.g. via the EU Immigration Portal, so that the EU remains competitive in relation to other migration destinations.

Background

The aims of the EMN Study ‘Satisfying Labour Demand through Migration’ were to identify those sectors experiencing labour shortages in the Member States, to outline the national strategies for addressing labour market needs with third-country national migrant workers and to gain an understanding of the perceived effectiveness of these strategies, including examining the impact of the recent economic downturn and recovery on them. A compilation of available statistics is also provided, aiming to present the nature and extent of labour market shortages and the extent to which they are filled by third-country nationals.

Context

Europe is increasingly faced with an ageing and declining workforce. Whereas, in 2008, there were four people of working age (15-64 years old) for every EU citizen aged 65 years or over, by 2060 the ratio is expected to drop to 2 to 1. Moreover, several Member States (especially the EU-10 and EU-2), in recent years, are experiencing negative net migration trends, with more people, especially nationals, leaving, than new persons entering. If the EU is to remain globally competitive, various measures are needed to address these demographic developments, and one of these is legal migration.

Many Member States require skills, competences and knowledge that cannot be immediately found amongst the domestic workforce, nor generated fast enough by changes to national education and training systems. Linked to this, the EMN study shows that the root causes of labour shortages vary, thus requiring different policy responses. Some experience *quantitative shortages*, with skilled or unskilled jobseekers matching the requested job profiles but not wanting to work in the profession, whilst for others *qualitative shortages* occur, caused by a lack of workers with the requisite skills and qualifications.

Statistical trends

In the past decade, it is estimated that migration to the EU contributed to an employment increase of almost 3.7 million, representing a quarter of the overall rise in employment.³ The highest numbers of third-country national workers are in the EU-15, with most in **Spain, Italy** and the **United Kingdom**. The numbers are much lower in the EU-10+2, with **Lithuania, Malta** and **Slovak Republic** having the fewest. Overall, the most numerous nationalities are from Brazil, China, India, Russian Federation, Turkey, Ukraine, and USA.

Examining the proportion of third-country national workers at each skill level in the Member States may indicate the specific labour needs in each Member State. Using 2009 data, it is seen, for example, that, where skills levels are known:

- **Slovak Republic** has the largest proportion of highly skilled third-country nationals (54% or 2 338 of third-country nationals), followed by the **United Kingdom** (48% or 581 701) and **Ireland** (39% or 25 963);
- **Lithuania** (80% or 1 232), **Germany**, (56% or 1 054 000), **Italy** and **Sweden** (both 55%, or 716 393 and 21 334 respectively) have the highest proportion of skilled migrants residing in their territory; and

² See recently completed EMN study on "Temporary and Circular Migration" (<http://www.emn.europa.eu> under "EMN Studies.").

³ Independent Network of Labour Migration and Integration Experts, see <http://www.labourmigration.eu/research/report/13-migration-employment-and-the-outcomes-of-labour-market-integration-policies-in-the-european-union>.

- The highest proportions of *low skilled* workers are found in **Czech Republic** and **Spain** (53% or 48 575 and 415 693 respectively), **Luxembourg** (39% or 4 057) and **Italy** (38% or 487 662).

In 2009, overall, most first (residence) permits issued for paid employment were to third-country nationals from India, China, Ukraine and USA. In 2009, a high proportion of incoming third-country national labour migrants to the following Member States, where skills levels were known, were *highly skilled*: **France** (100% of third-country nationals entering the Member State, or 3 953), **United Kingdom** (73% or 36 000), and **Slovak Republic** (54% or 1 288). The highest proportions of *skilled migrants* entered **Lithuania** (80% or 301), **Belgium** (70% or 8 058) and **Germany** (63% or 14 816), whilst for *low skilled migrants*, it was **Czech Republic** (63% or 44 756) and **Spain** (50% or 16 292).

Whilst available statistics on *vacancies* by skill levels are difficult to compare, most vacancies seem to be for *skilled* positions, with the share of positions for highly skilled and low skilled workers being at a similar, but relatively lower level. There are notable exceptions. For example, in **Austria**, **Ireland** and **Poland**, the demand for highly skilled labour is proportionally much higher, whilst in **Italy**, **Hungary** and **Spain**, the relative demand for low skilled labour is higher. A common situation is, however, that third-country nationals are often *over-qualified* for their jobs and that therefore their skills are not used to their full potential.

Member State Approaches

Managing labour migration is a Member State competence, although the *EU acquis* has also shaped national political choices and regulatory frameworks. Member States vary considerably in the extent to which they perceive migration as a means of addressing labour demand, due to different traditions and experiences of migration, including their ties with third countries, as well as national public debates on this issue.

What Member States share is an overall view that, with respect to addressing labour shortages, priority should be given to *up-skilling national and EU citizens*, as well as those *migrants already resident*. Overall, Member States also show a greater focus on attracting *highly skilled* and *skilled* migrants, even though several also require low skilled workers, albeit, in most cases, for a temporary period.

Most Member States have incorporated migration into their overall *vision and strategic thinking* around employment, reflecting the need to carefully balance the drive for economic development and increased competitiveness, with the need to ensure social inclusion, educational attainment and overall development of the domestic population. Only a few Member States take into account the progressively increasing need for labour, in the *longer term*, and most focus on meeting *short- to medium-term* needs. The *political and public debates* on the usefulness of economic migration, especially in the context of the current economic crisis, and about the integration of third-country nationals and their working conditions, also impact on national visions.

As a result, national policies to address labour shortages vary and, in most cases, make a distinction between (and express a preference towards) different “categories” of third-country nationals, for example according to their skill levels (highly skilled, skilled and low skilled), their occupation (e.g. healthcare professions, engineers, IT specialists, etc) or between temporary and long-term migrants, for which they all have developed different entry and admission procedures.

Approaches to identifying labour shortages

The vision and policies of the Member States have also shaped the approaches applied for identifying and managing labour demand. Three broad approaches have been identified, namely: the drawing up of *occupation lists*; the *analysis of employer needs* on a more case-by-case basis; and the *setting of quotas or limits*. These are each informed through a combination of research and consultative processes, involving Ministries and other national and regional authorities, employers and employer associations, research institutes and other experts.

Different approaches can be applied to different categories of third-country nationals, even in the same Member State. Occupation lists can contain specific “bottleneck” positions (e.g. secretarial, sales) regardless of the sector, focus on particular sectors (e.g. healthcare), without specifying the position, or, for example, set minimum wage thresholds as an indicator of the required professional level. The analysis of employer needs requires employers to directly determine their labour needs and communicate this to the relevant authorities, who, under certain conditions, may then allow them to hire a specific third-country national. Other Member States have put in place a quota or limit, which can either be used to place restrictions on specific groups of migrants (e.g. economic migrants, skilled migrants) or applied to all migrants.

Methods to meet labour demand through migration

There are a range of procedures, conditions and approaches put in place by Member States to identify and manage immigration of third-country nationals to meet labour demand. With respect to admission and access to the labour market, these include the “labour-market test,” which looks at, for example, whether no national citizen or other EU/EEA national is available for the position (Union Preference principle); whether the employment pursued is listed as an occupation in which shortages exist; and whether any quotas set by the Member State, or certain wage levels, have been respected. Others apply points-based systems to assess whether a third-country national “qualifies” for entry to the Member State, or have introduced exemptions to certain categories of third-country nationals, irrespective of whether they have a job offer or not.

Programmes and measures aimed at migration to address labour market needs often focus specifically on the selection of migrants for highly skilled positions, or for specific economic sectors with known gaps. All Member States have integration programmes in place for their migrant population, focussing *inter alia* on facilitating access to education and employment. Member States with marked emigration have developed programmes specifically aimed at encouraging the return of their nationals.

Recognising Qualifications

Procedures exist in all Member States concerning the recognition of qualifications obtained outside the EU and the assessment of skills. These vary considerably, depending on the specific qualification or training and where it was obtained. Recognition is “automatic,” or at least facilitated, for qualifications included in international conventions or treaties between Europe and third countries, mainly in the area of higher education. However, when no treaty exists or when it concerns the validation of non-accredited skills, responsible bodies and procedures followed vary greatly, leading to uneven recognition of a third-country national’s qualifications.

Co-operation with third countries

Direct relations with third countries have also been developed to facilitate the admission of third-country nationals for the purpose of employment. At EU level, relevant cooperation agreements include Mobility Partnerships,⁴ whilst many Member States have also entered into bilateral and multilateral agreements with third countries which are geographically close, or with whom they have specific historical linkages. Many of these agreements include pre-departure selection and assistance, facilitated admission procedures and help with the possible return of migrants. Due consideration is also given to the need for combating brain drain and brain waste.

Further Information

Should you have specific questions or require further details or a copy of the complete publication, please contact the EMN via Stephen.Davies@ec.europa.eu.

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⁴ To date these have been signed with Moldova and Cape Verde (May 2008), with Georgia (November 2009), with Armenia (October 2011) and negotiations with Ghana are ongoing.