

# Re-thinking approaches to labour migration

## Potential and Gaps in EU Member States' Migration Infrastructures

### Case Study Summary — **Czech Republic**



#### KEY MESSAGES

- The Czech Republic perceives labour migration as one of the integral aspects supporting the development of investments, foreign trade, and the competitiveness of the Czech economy. There are numerous programmes aimed at foreign workers, with the Employee Card being the most commonly utilised work permit.
- Specific industries in the Czech Republic such as construction, manufacturing and food processing are grappling with substantial labour shortages and increasingly rely on migrant workers to fill the gaps.
- There is a disparity between the programmes addressing the immediate labour market needs of the Czech Republic and the long-term strategies that would contribute to its long-term vision and sustained economic growth.
- Rather than a larger transformation of labour migration policy it is more likely for the government to expand or adjust existing labour migration pathways and programmes and to pilot new projects on a small scale. Enhancing and digitalising the procedures could further strengthen the existing pathways.
- Czech Republic has not yet explored talent schemes in framework of the EU Talent Partnerships extensively. Given the migration flows from Eastern Europe and Central Asia, establishing partnerships aligned to a talent partnership approach with countries in this region could be interesting.
- Expanding integration programmes to encompass a broader spectrum of migrants would be beneficial and contribute to a more comprehensive approach.
- Strengthening dialogue among stakeholders is crucial to facilitate the exchange of data and information.

## BACKGROUND AND CONTEXT

The Czech Republic was traditionally seen as a country of emigration, but it underwent a shift three decades ago. With low unemployment rates and consistent economic growth, there has been a notable surge in the demand for foreign workers. The ageing population is the primary concern for the labour market rather than emigration from the country. The number of Czech citizens living abroad is estimated at 250.000 at most. Migrant workforce has helped the Czech economy sustain growth in the context of gaps in labour supply.

Main countries of origin of foreigners in the Czech Republic have remained stable over time and include Ukraine, Slovakia, Vietnam, Russia and Romania. Currently, the largest group of foreigners in the Czech Republic is Ukrainians. Their numbers spiked in 2022 when nationals of Ukraine numbered 637.000 (of which 432.000 people were granted temporary protection). The other two most represented groups are the citizens of Slovakia (117.000) and Vietnam (66.000). Overall, non-EU nationals create 79,3% of foreigners in the Czech Republic (889.000 persons), and a total of 227.000 citizens from EU countries were registered in the Czech Republic (Mol 2023b).

## CURRENT AND FUTURE LABOUR SHORTAGES

The sectors characterised by key labour shortages vary in different regions of the Czech Republic. Overall, the communication sector faces the biggest shortage of talent in the Czech Republic—85% of employers in this sector have difficulty filling available job positions. Among the other sectors affected by labour shortages are trade and services sector (71%), IT (69%), transport, storage and automotive (64%). Employers in the sectors of energy and public services (63%), industry and construction (63%), followed by health and social care (62%) are also facing a lack of talent (ManpowerGroup 2023). In most regions, positions such as manual labourer, production operator or fitter dominate the overview of the most sought-after positions. The exception is Prague, where administrative workers are most often represented in advertisements, followed by IT workers and sales representatives. The trio of most in demand professions is often supplemented by a salesperson (South Bohemia, Karlovy Vary, Hradec Králové, Liberecký, Pardubice and Zlín Region), a warehouseman (Karlovy Vary Region), or an electrical fitter (Ústí Region) (BusinessInfo.cz 2021).

Employers continue to be interested in new employees, mostly in blue-collar and highly-skilled occupations (EURES 2023). The highest demand for new employees is in Prague (78.112 jobs) and the Central Bohemia Region (58.300 jobs). The Ministry of the Interior, in cooperation with the Czech Social Security Administration, conducted a survey among employers. The aim of the survey was to map the structure of vacant jobs. In total, 65.271 employers responded. The most sought-after professions, according to the employers, were 1) craftsmen and skilled construction workers, 2) metal workers, engineering workers and related workers, 3) assembly workers, 4) cleaners and helpers and 5) workers in the fields of mining, construction, production, transport and related fields (Mol 2023b). However, this analysis is based on the positions advertised in the job portals. Additional analysis of sought-after professions is required given the role played by the Labour Offices in labour market analysis may be limited because not all positions are advertised through the Labour Office.

Sometimes private companies step in to create forecasts of labour market demands. One example is the Future of the Czech Labour Market study created by the Boston Consulting Group and the ASPEN Institute in August 2022. 'Craftsmen and skilled workers in the main construction industry' was listed as the most deficient professional group in 2030, with a value of 52,8 thousand people. The groups 'Painters and related workers, building surface cleaning workers', 'Product and equipment assembly workers' or 'Mobile equipment operators' are also listed, for which the study expects a shortage of slightly more than 30.000 workers (Wiedermann et al. 2022). In addition to the sector group 'Education', significant growth in the demand for new employees is predicted in the sector groups 'Healthcare and social care' (25,9 thousand people), 'Information technology and activities' (23,2 thousand people), 'Manufacturing of transport equipment' (16,9 thousand people) and in the group 'Scientific and technical activities' (14,9 thousand people) (Wiedermann et al. 2022).

While the agriculture sector experiences a high demand for labour due to its crucial role in food production, there is a disparity between demand and the value of labour in this industry (Interview 3). More precise data is needed to understand these trends better. It has been agreed by the interviewees that the sectors of IT, science, education, social services and health represented the sectors with a large demand and a potential to reduce labour market shortages.

## LABOUR MIGRATION POLICY IN THE CZECH REPUBLIC

Migration is important for the Czech economy, and it is also source of polarised public and political debate. In general, labour migration policies tend to prioritise the interests of native and EU-origin workers. For instance, a job offer can be extended to a non-EU national only when no suitable candidate from the Czech Republic or any other EU country is available, known as the labour market test. Exemptions from the labour market test exist for specific pathways, such as the EU Blue Card.

The Czech Republic relies on national programmes to attract skilled workers and determines quotas for different pathways upfront. The quotas for different countries in selected labour migration programmes are formulated based on the capacity of embassies and employer needs, but better view on various sectors of employment that are important for future productive growth is opportune. A prospective points-based system that is currently being prepared by the Ministry of Labour and Social Affairs might address this issue.

The Czech Republic is developing all the necessary pathways to tackle the labour shortages and immigration has been rising steadily. However, foreign workers from non-EU countries often work in low- and medium-skilled jobs. The reason lies in the complicated conditions of permit duration, family reunification, and labour market mobility for highly skilled migrants, which are less favourable than in other countries (OECD 2023a).

## LEGAL LABOUR MIGRATION PATHWAYS

### Employee card

An employee card is currently the most common type of permit for a long-term residence (longer than three months) for employment purposes. It replaces the visa for a stay of over 90 days for the purpose of employment, a long-term residence permit for the purpose of employment and a Green Card. An employee card also contains biometric features and is issued for no more than two years (with an option to extend its validity). The card is intended for all nationals except citizens of EU/EEA countries and Switzerland and their families who are also citizens of the member countries. An employee card can be issued for all types of employment regardless

of the level of required professional qualifications (MoI 2023d). The employee card holders can work in different sectors, but most of them work in medium-skilled occupations as the majority of them come through the Qualified Employee Programme.

### Work permit

Work permits are non-transferable and are valid only for a specific employer for a particular type and place of work. It requires a labour market test but no specific qualifications are required. Work permits allow foreigners to work in the Czech Republic but not to reside there. In addition to the work permit, the foreigner has to have a valid residence permit to be able to work in the Czech Republic. The work permit does not include a residence permit and must be complemented by a non-dual employee card or any other form of residence permit. It is only issued for a specific position, and there is a need to re-apply if changing employers. To obtain a work permit, applicants are required to submit their applications through the Regional Labour Offices. This process entails either the applicant staying within the Czech Republic during the application period or having someone apply on their behalf.

### Seasonal work permit

In 2019, the Ministry of Agriculture, in cooperation with the Ministry of the Interior, prepared a new programme to recruit workers from Ukraine to provide support to employers in the forestry, agriculture and food sector, who need to bring foreign workers with other skill levels to the Czech Republic (professions included in ISCO 4-9). This type of visa serves for an employment-related stay of more than three months and less than 12 months (EMN 2020). The annual capacity of the programme is 1.500 people and the length of the residence permit is maximum one year (it cannot be extended but people can apply repeatedly). However, the programme is currently suspended due to an ongoing war in Ukraine. Only 138 applicants were included in the programme two months before the start of Russian aggression in 2022, and most of the applicants did not have time to apply for a visa (MoI 2023d). However, it is possible that the programme could continue in the future or be redirected towards a different country of origin.

### EU Blue Card

In July 2023, an amendment to the Act of the Residence of Third country nationals in the Czech Republic took effect, aligning with the EU directive to enhance labour migration. The amendment introduces increased flexibility for EU Blue Card

holders in changing employers but imposes stricter rules on unemployment. The EU Blue Card, issued by the Ministry of the Interior, is for non-EU members, combining residence and work permits for specific job vacancies. The labour market test requirement for EU Blue Card applications has been eliminated. Previously valid for 2 years, the amendment extends the EU Blue Card validity to a maximum of 3 years, with the possibility of further extension. To qualify, foreigners must have completed at least three years of university or higher specialised education, submit a pre-employment contract, and ensure a gross or annual salary of at least 1,5 times the Czech Republic's gross annual salary. As of the first half of 2023, the required salary was approximately 2.600 EUR. In 2022, 1.710 EU Blue Card holders resided in the Czech Republic (MoI 2023b). Among them were mainly the citizens of Russia, Ukraine, India, Belarus, and Turkey.

### Digital nomad

Starting from July 2023, the Czech government launched the Digital Nomad Programme, targeting highly skilled IT professionals and freelancers. The initiative is designed to accommodate individuals engaged in international projects who were not previously eligible for government economic migration programmes. The programme is a response to the evolving dynamics of employee and freelancer mobility, accelerated by the COVID-19 pandemic in the IT sector. The programme is applicable to citizens of Australia, Japan, Canada, the Republic of Korea, New Zealand, the United Kingdom, the USA and Taiwan. Close family members, including spouses, registered partners and children, can also participate if they apply for a residence permit simultaneously. The application processing time is set at 45 days.

## SUGGESTIONS FOR POSSIBLE FUTURE ADAPTATIONS TO LABOUR MIGRATION POLICY AND THE USE OF EXISTING PROVISIONS

### *Expanding the list of eligible countries and increasing the quota for employee cards*

The mismatch between employer needs and the number of foreign workers in the Czech Republic is evident, with employers advocating for an increased foreign workforce. However, some government ministries prefer a cautious approach, emphasising selected and managed migration.

The labour migration countries of origin are primarily in Eastern Europe and Central Asia, suggesting potential partnerships with countries from these regions. There is an opportunity to increase the relatively low numbers in the Highly Qualified Employee Programme and Key and Scientific Personnel Programme in the future. However, adjusting the list of eligible countries poses challenges due to existing programmes and lobbying influences, leading to a certain path dependency. Overall, there is scope for expanding programme capacity based on a careful labour market analysis.

### *Increasing digitalisation and simplification of the procedures*

When it comes to labour migration, there can be problems with protracted administrative procedures, a lack of transparency in bureaucratic operations, and insufficient availability of comprehensive information (particularly in languages accessible to migrants). There are a large number of programmes targeting labour migration. This complex environment can create confusion, and therefore, rather than creating more programmes, the existing programmes can be simplified and aligned. There is a need to speed up the process of issuing employee permits and simplify the documentation. The digitalisation of the admission process will help with the speediness of the process. Accelerating the process is also the government's priority and it is something that has been recommended by numerous interviewees.

### ***Coordinating the interests of different actors and information sharing***

There is a large number of institutional actors responsible for labour migration and some of the programmes fall under different ministries. An underlying issue is a difference in strategies of individual ministries (MoI, MoLSA and MIT) that might advocate for different approaches towards labour migration. While some actors meet at the inter-ministerial consultation meetings and there are meetings within the so-called tripartite (government, employers and labour unions), there are some actors who are left out. Labour unions have little involvement in migration-related issues and NGOs, who work with the issues on the ground, do not have a strong advisory voice.

There are different ways in which labour mobility pathways could be supported and improved. Among them is data-based policy that involves data collection and analysis but also its policy use. Data should be publicly available and a database shared by different ministries could be a useful tool for that. Ideally, the data on migration should be also available on the local level (cities, municipalities) and not only on the aggregate (country, region and district) level. Another issue is that different ministries collect the data based on their requirements and do not include information that could be useful for other actors.

### ***Improving integration services***

There has been an emphasis on integration from the state-level and the requirements for migrants to fulfil certain obligations, such as a new regulation of passing an adaptation-integration course within one year of obtaining a permanent residence. However, these obligations are more formal and there is a need to offer more pathways and more mechanisms on how to include foreigners in the Czech Republic and how to communicate the information towards them in a way that is accessible to everyone.

The lack of capacity for the Czech language courses has become more visible with the arrival of Ukrainian refugees in 2022. There is also the issue of migrants' social needs that are not always reflected in the labour migration programmes, which are often seen as temporary. State integration services (SIP) are only available to recognised refugees.

### ***Allowing for the possibility of a status change for migrants***

As a rule, the purpose of stay cannot be changed when the residence permit is changed from a long-term visa to a long-term residence permit. Temporary protection holders have the right to work in the Czech Republic for the duration of their protected status. However, their stay is only temporary and the possibility of status change for temporary protection holders is being discussed. Currently, there is no option for irregular migrants to regularise their status.



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