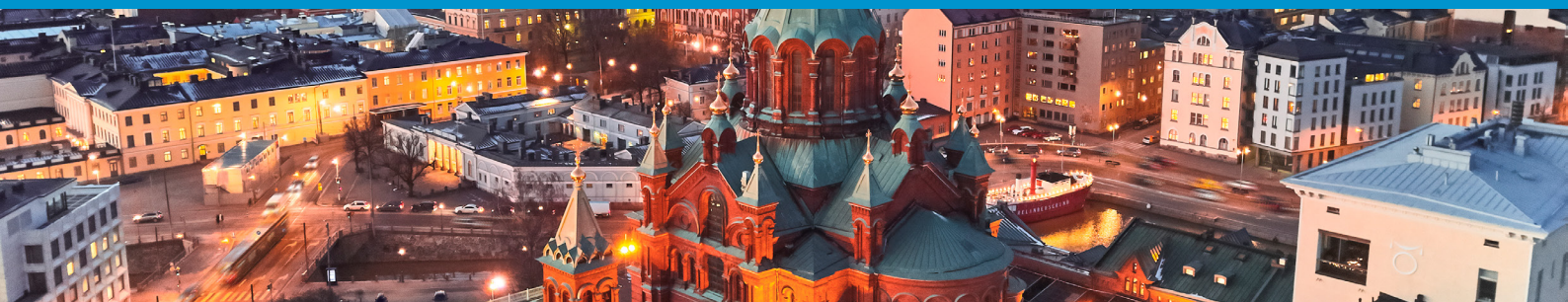


# Re-thinking approaches to labour migration

## Potential and Gaps in EU Member States' Migration Infrastructures Case Study Summary — **Finland**



### KEY MESSAGES

- The new Finnish government adopts a more restrictive approach to labour migration, including a focus on high-income migrants, tighter restrictions on employment permits, and prioritises the employment of Finnish nationals.
- Finland could be more attractive to foreign workers, by promoting itself in foreign countries as well as creating a welcoming atmosphere for foreigners.
- Finland has labour shortages at all skill levels, yet its focus on high-income migrant workers may lead to difficulties in meeting its labour needs.
- Additional measures can include improving the recognition of foreign qualifications as well as Finnish language classes.
- Measures to address labour exploitation and protect workers can include allowing more time for foreigners to find work after becoming unemployed, and increased resources for labour inspectorates.

## BACKGROUND AND CONTEXT

Finland's current government, inaugurated in June 2023, is a coalition government formed of the National Coalition Party, the Finns, the Swedish People's Party of Finland and the Christian Democrats. The Prime Minister is Petteri Orpo from the National Coalition Party. The current government is further to the right on the political spectrum compared with previous Finnish administrations. This shift to the right has resulted in the tightening of immigration policy, and in plans to cut government spending. A key priority for the government relates to the Russian invasion of Ukraine. The government plans to increase its defence spending and to ramp up its support to Ukraine.

Net migration to Finland was negative for much of the 20th century, as a result of many people seeking work in other countries, particularly in Sweden, as well as Finland's restrictive immigration policy for much of the Cold War. Immigration policy started to relax in the early 1990s and this led to an increase in the number of immigrants moving to Finland to seek work opportunities, particularly from Russia and Estonia. For Finland, this influx was quite sizable compared to previously low immigration levels. Net migration has been positive every year since 1990, with 2022 seeing record numbers of immigrants coming to Finland (99,289 new arrivals). This uptick was largely due to migration particularly from Ukraine, Russia, the Philippines and Turkey.

The sudden increase in immigration, coupled with the fact that integration policies were slow in keeping up with the increasing foreign population, has made immigration an important political topic in Finland. The current government's overall approach to immigration is to reduce the number of people applying for international protection, and supporting only people most at risk of harm. Acquiring residence permits as well as Finnish citizenship will also be made harder. The government's approach to labour migration is discussed below.

## CURRENT AND FUTURE LABOUR SHORTAGES

Finland's key economic sectors are industry, public administration, defence, education, human health and social work activities and wholesale and retail trade, transport, accommodation and food services. Looking ahead, the fastest growing sectors will be accommodation & food service activities, and information & communication. The largest creation

of new jobs by 2035 will be of legal, social, cultural & related associate professionals (64,000), science & engineering professionals (49,000) and business and administration professionals (45,000). Migrants typically work in IT, retail and services, housekeeping, maintenance, social and health care, construction, the shipyard industry, agriculture, transport, restaurant and cleaning sectors. There is also an increasing number of specialists and experts.

As of September 2023, there were 109,300 unfilled vacancies in Finland. Labour shortages currently exist in the following sectors: health and social care work; services; construction; IT; transport; and in manufacturing. Occupational shortages include: healthcare assistants; qualified nurses and public healthcare nurses; social work specialists; specialist medical practitioners; general practitioners; early childhood education professionals (daycare teachers); audiologists and speech therapists; dentists; home-based personal care workers; psychologists; restaurant and catering staff; office and workplace cleaners; specialist teachers; senior nurses and ward nurses; foremen in the construction sector; bus drivers and metal workers.

One of the reasons why Finland has shortages in some of the higher paid occupations, such as in IT, is because Finland is seen as less attractive than other countries by foreign high-income workers. Looking ahead, two of the key shortage professions will be healthcare and social workers, particularly nurses and primary education teachers. Across the whole of Finland, the Ministry of Economic Affairs and Employment estimates that 200,000 new employees will be needed in the health and social care sector by 2030, and at least 10% of this number will need to be recruited from abroad.

## LABOUR MIGRATION POLICY IN FINLAND

The key piece of national legislation on immigration to Finland is the Aliens Act (301/2004). The Aliens Act regulates residence, employment and immigration and emigration, and is in line with the relevant EU-level directives and regulations, for instance on EU free movement of persons and refugee and asylum policies. The Aliens Act is long overdue a general overhaul as the law has been changed over 100 times during its existence, which has meant that the Act is complicated and there is overlapping and parallel regulation. The Nationality Act, or Act on Citizenship (359/2003), is also a key piece of legislation and

deals with legislation on citizenship, and promotes the social integration of third country nationals permanently living in Finland.

In terms of labour migration policy, the government Programme, published in June 2023, outlines the key aims for labour migration policy. Overall, while the government places a high priority on labour migration, the programme is slightly less ambitious from previous administrations. The main principle is that labour migration must be of benefit to Finland. One way in which this is reflected in the plans to shorten the time period that a person holding a work-based residence permit can remain in Finland after becoming unemployed. The planned amendments state that if the holder of a work-based residence permit becomes unemployed and has not entered into a new employment relationship within three months they must leave the country.

Another principle is that labour migration must not come at the expense of the native Finnish population. Given Finland's projected demographic problems, it is generally accepted by the government that labour migration will play a key role in filling gaps in the labour supply. At the same time, the government prioritises the employment of the native population before having to recruit from abroad, demonstrated by the government's aims to continue the practice of labour market testing.

Another guiding principle is that labour migration policy should target high-income over low-income workers. This approach does not align with shortages that exist at all skill and occupation levels. One way in which the government hopes to achieve this is by improving the attractiveness of Finland for highly-skilled foreign employees. While Finland may rank as one of the most desirable places to live in, it does not perform so well in terms of talent attractiveness. The Talent Boost programme aims to increase the attractiveness of Finland as a place to work, particularly for highly qualified specialists, but also for workers in sectors experiencing labour shortages.

## LEGAL LABOUR MIGRATION PATHWAYS

### National legal provisions

The principal and most popular pathway for entry to the Finnish labour market is the residence permit for employed persons, of which there were 9.671 issued in 2022 and 10.165 in 2023. The most common

nationality coming to Finland via this permit was the Philippines, with 2.788 positive decisions issued in 2023. To apply for this permit, applicants must already have a job offer. The permit may be subject to labour market testing (called a "partial decision"), and the salary must be greater than the relevant collective agreement. Workers coming under this permit work in a range of sectors, most commonly in administrative services, construction and health and social care. Analysing the effectiveness of this permit is not easy since it is a type of residence permit, not a labour recruitment program with specific recruitment targets, although research shows that the employment rate of these persons tends to be higher than for other types of foreigners.

### European legal provisions

The Act on the Conditions of Entry and Residence of Third-Country Nationals for **Seasonal Work** in Finland implements the EU Seasonal Workers Directive. The Act targets the agricultural and tourism sectors. Seasonal workers from visa-exempt countries can work up to 90 days with a certificate, while workers from countries which require a visa must apply for a visa for seasonal work at a Finnish mission prior to arriving in Finland. The issuance of seasonal work certificates has significantly increased, rising from 6.900 in 2018 to 14.160 in 2021. Ukrainians are the most common nationality for seasonal work permits, and account for 82% of all seasonal workers between 2010 and 2021. However, due to the temporary protection status granted during the Ukraine conflict, their need for certificates has diminished, impacting overall certificate issuance numbers. The reliance on Ukrainian labour highlights a limitation in attracting diverse nationalities to Finland's seasonal workforce.

The EU **Blue Card** category was added to the Aliens Act in 2012. It is available to third-country nationals for highly qualified employment, who have a relevant degree and job offer with a minimum salary of EUR 5.209 (in 2023). The card is less popular than the specialist residence permit, which requires a lower salary (EUR 3.473) and no fixed contract duration. From 2018 to 2022, yearly applications averaged 1.676 for specialist permits versus only 205 for Blue Cards, likely due to the less stringent requirements of the former.

Since 2018, Finland has implemented the EU Directive (2014/66/EU) for **intra-corporate transfers**, allowing non-EU managers, specialists, and trainees to work in Finland. Specialists and managers may be granted an intra-corporate transferee (ICT) permit for

up to three years. However, intra-corporate transfers do not make up a significant portion of permits issued, with only a total of 142 intra-company transfer applications submitted between 2018 and 2022.

Since 2018, the Act on the Conditions of Entry and Residence of Third-Country Nationals based on Research, Study, Internships, and Volunteering has implemented EU Directive on the conditions of entry and residence of third-country nationals for the purposes of research, studies, training, voluntary service, pupil exchange schemes or educational projects, and au pairing. Between 2018–2022, 4.800 applications based on **scientific research** were submitted, averaging 2.200 per year. Applications for this work permit have a high success rate.

### Schemes for specific skill levels

Finland does not have labour mobility schemes that target specific skill levels, rather it tries to attract foreign workers to Finland based on its status as the world's happiest country. The Team Finland Network, comprising various governmental and economic agencies, plays a pivotal role in this promotion, facilitating international exports, investments, and recruitment of foreign workers. The government programme also adopts a similar approach, proposing to boost the international attractiveness of Finland through a series of measures. The Talent Boost programme, established in 2017, aims to attract international talent to fill labour shortages and enhance the country's global attractiveness. The program targets India, Brazil, Vietnam, and the Philippines, focusing on sectors such as healthcare, social welfare, and export industries.

### Other schemes

Working holiday schemes exist with Australia, New Zealand and Japan. Applicants must be 18–30 years old, travel without a spouse or children, and they must have a return ticket and sufficient funds to reside in Finland. The permit is primarily intended for a holiday, but it also involves the right to work to a limited extent during the 12 month stay in Finland. The number of people coming via these schemes are minimal - only 60 people since May 2022 - and therefore have little impact on filling labour market gaps.

Finland has no bilateral labour migration agreements in place. Rather than targeting specific countries, the Finnish policy has been to try to make the process of applying for visas and work permits

as smooth as possible for all applicants who want to work in Finland.

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

### *Consider allowing more time for migrants to find work after becoming unemployed before losing the right to stay*

For non-EU migrants on work-based residence permits, their right to stay in Finland is closely tied to their employment status. After becoming unemployed, non-EU workers only have three months to find work again or else face losing their right to stay in Finland. The extreme uncertainty and insecurity this creates for workers provides fertile ground for exploitation. Workers may put up with poor working conditions or abuse by employers to avoid losing their job and consequently face potential deportation. The precariousness of workers' immigration status creates vulnerability to exploitation as well as barriers to sustainable integration, since workers may not feel reassured enough of their right to stay to invest in their integration. Not only is the short time period harmful from a rights and integration perspective, the business community also opposes this measure, as it makes it harder for employers to fill labour shortages, since the pool of domestically available workers is smaller. The Finnish government could consider extending the time period allowed to find work after becoming unemployed, from three months to a longer time, perhaps 12 months.

### *Streamline permit application procedures for employers by allowing more flexible labour market tests*

Previous research has shown that labour market testing in Finland makes it harder for employers to recruit from abroad. Labour market tests slow down the procedure to issue a work permit, create an administrative burden for employers, and add uncertainty to the recruitment process, all of which make it harder for employers to recruit from abroad. Some steps have already been taken to increase the flexibility of labour market tests, for instance, labour market tests are not required in certain sectors and occupations where there are labour shortages. Pilot schemes exempting certain regions with labour shortages from requiring labour market

tests have also taken place. Finland could build on these initiatives and experiment further with ways to make the labour market test system more flexible in order to respond to labour needs, for example by expanding the list of occupations for which testing is not required.

#### ***Make permit application procedures less complex***

The process of obtaining a residence permit in Finland is significantly hindered by its complexity and length, posing a barrier to the entry of foreign talent and investors. A major issue is the high rate of application rejections, with about 70% needing resubmission due to incomplete documentation. Applicants also struggle with choosing the appropriate permit category from 14 options. Moreover, the process is further complicated by the requirement of in-person embassy visits for visa applications. The lack of digitization and clear information regarding appointment wait times and necessary documentation exacerbates these challenges, requiring multiple visits and thus delaying the mobility of labour into Finland.

#### ***Improve the recognition of foreign qualifications***

The current system to recognise foreign qualifications from third countries could be improved. For some professions in Finland, such as nursing, there is no system to recognise foreign qualifications, meaning that workers have to study again in order to work in Finland. As well as having to retake studies, evidence shows that migrants in Finland often work below their qualification level owing to their qualifications not being recognised. Not only does this adversely affect individual career development and relegates migrants to lower-paid work, it is also an inefficient allocation of resources and will result in less flexibility in the labour market to respond to shortages. Improving the recognition of foreign qualifications would therefore improve the situation for both migrants and the Finnish economy.

#### ***Follow through with proposals to improve Finland's attractiveness***

Finland has been slower than other countries to advertise itself to third countries as an attractive destination for foreign workers. Finland only started promoting itself as a country of destination in 2023, by operationalising its embassies in India, the Philippines, Vietnam and Brazil. Although the government programme outlines encouraging proposals for how to improve the attractiveness of Finland for foreign workers, our interviewees speculated that not all proposed measures would be implemented given the government's commitment to cutting expenditure. Investing in the attractiveness of Finland – for example through international communication campaigns advertising the high standard of living in Finland – would help Finland attract the labour and skills it needs.

#### ***Follow through with proposals to address labour exploitation***

The government makes several encouraging proposals in its Programme to address labour exploitation and abuse, however, multiple interviewees speculated that not all proposed measures would be implemented given the government's commitment to cutting expenditure. Following through with the proposals in the government Programme would allow Finland to better protect the foreign workers which make a valuable economic contribution.

#### ***Improve Finnish language classes***

While there are Finnish language courses available in Finland, there are not enough resources dedicated to these classes leading to an underprovision of courses for foreigners. In Finland, although some jobs will only require English language skills others may require Finnish language skills, and given that Finnish is not a widely spoken language outside of Finland language classes are essential in filling these gaps. Providing Finnish language courses would therefore widen the pool of potential workers in the job market and would also improve the integration of foreigners living in Finland.



**Funded by  
the European Union**

This summary is based on findings from MPF (2024). Re-thinking approaches to labour migration. Potentials and gaps in EU member states' migration infrastructures. Case Study: Finland, Brussels: ICMPD. Research took place between July 2023 and February 2024 and the content described applies to this period. Any changes made to the labour migration system thereafter are not systematically included. This publication was funded by the European Union and commissioned through the Migration Partnership Facility. Its contents are the sole responsibility of the author and do not necessarily reflect the views of the European Union nor ICMPD.

© ICMPD 2024