

Re-thinking approaches to labour migration

Potential and Gaps in EU Member States' Migration Infrastructures

Case Study Summary — **Latvia**



KEY MESSAGES

- Latvia's migration system is restrictive, reflecting reserved public attitudes towards labour migrants, a tense geopolitical environment and migration-related security threats the country finds itself confronted with. This stands in contrast with current and future labour market needs, identified by previous research and experts interviewed for this study.
- Debate on Latvia's labour migration policies is driven by demographic concerns and the ageing population. Latvia has transposed all EU legal migration directives and introduced several innovative pathways for highly-skilled workers, but has not leveraged these frameworks for attracting labour force. Some stakeholders see labour migration as an inevitable solution to the labour force deficit, while so far policy emphasis has been placed on stimulating the return of Latvians working abroad. In such a context, it is crucial to define a comprehensive strategy on labour migration, outlining priority professions, preferred countries of origin, and national comparative advantages for attracting foreign labour.
- Latvia's current labour gaps are identified through the list of professions that suffer from labour shortages approved by the Cabinet of Ministers. Occupations like builders, metalworkers, industrial equipment operators, and trade workers are experiencing the greatest difficulties in recruitment. Yet, no specific schemes have been designed to bridge these gaps. Interestingly, when it comes to seasonal work, Latvian companies are becoming more and more reliant on services of external employment agencies, established in other EU Member States with more relaxed entry requirements, for covering their labour needs.
- One of the important strategies to address labour market gaps could be investment in foreign students' retention. Additionally, considering the likelihood of a protracted conflict in Ukraine, it is necessary to develop a mid-term strategy for the integration of Ukrainians into the labour market. Such decisions could be easily accessible solutions in the short term to fill labour market gaps.
- Further EU-level initiatives can help provide much-needed clarity to the migration processes in Latvia and solve problems related to limited resources. However, discussions and cooperation have to be accompanied by a clear, pragmatic approach that focuses on the benefits for EU Member States.

BACKGROUND AND CONTEXT

During the Soviet era, Latvia experienced significant migration inflows from other parts of the Soviet Union, primarily driven by centralised labour allocation and relatively high living standards. This migration led to a demographic shift, with ethnic Latvians comprising only 52% of the population by 1989 (Hazans 2019, 41). Following the Soviet Union's collapse in 1991, a wave of emigration occurred, with many Russian speakers moving to former Soviet states, while some Latvian post-war refugees returned.

Post-independence, there was a trend of Latvians moving to Western countries for employment, with emigration intensifying in the mid-2000s. Latvia's accession to the EU in 2004 further accelerated this trend due to the higher wages in other Member States (Hazans 2019, 44). Concurrently, Latvia's economic growth and declining population highlighted the need for skilled foreign labour.

In the 2000s and early 2010s, Latvia experienced negative net migration. However, recent economic improvements and increased average salaries have made Latvia more attractive to foreign workers, particularly Ukrainians and Belarusians. Family migration also became significant, with the number of new residence permits for family reunification comparable to those for work purposes (EMN 2023b).

Despite these trends, Latvia's immigration rates remain lower than the OECD average and even below those of neighbouring Estonia and Lithuania. The Russian invasion of Ukraine in February 2022 led to a substantial flow of Ukrainians into Latvia. By the end of 2022, 218,080 Ukrainians had entered Latvia, with 43,893 registered for temporary protection and an estimated 34,840 present in the country (IOM 2022).

These migration dynamics have sparked debates, touching upon security, economic and demographic issues. With an ageing population, labour migration is increasingly seen as a potential solution to the looming labour shortage. However, opinions are divided: some advocate for embracing labour migration to address market challenges, while others focus on retaining and attracting back Latvian youth and expatriates. Amidst these differing views, Latvia is yet to establish a comprehensive labour policy.

CURRENT AND FUTURE LABOUR SHORTAGES

Latvia faces significant labour shortages across various sectors, particularly in areas requiring specific skills and expertise. The State Employment Agency's 2022 surveys revealed recruitment challenges for employers, with micro-enterprises struggling the most to fill vacancies. The most affected sectors include mining, manufacturing, energy, and waste management. Specific occupations like builders, metalworkers, industrial equipment operators, and trade workers are experiencing the greatest difficulties in recruitment. Still only a small percentage of employers hire third-country nationals, exacerbating the local talent gap.

The government's current strategy focuses on attracting highly-skilled foreign labour in sectors like life sciences, smart materials and information and communication technologies (ICT), which is reflected by the official list of professions that suffer from labour shortages (Ministru kabinets 2018). However, by 2025 the most acute shortages are expected in vocations requiring vocational education, such as engineering and construction. The STEM fields, health and social welfare sectors also anticipate labour deficits. A skills imbalance is evident, with many workers being under-skilled for their roles, while some are overqualified.

By 2030, almost all sectors, except trade and public services, are expected to see increased labour demand. The manufacturing sector, despite its growth, will require a focus on productivity and technology to meet its modest labour demand increase. Conversely, sectors like ICT, accommodation, food service and construction are predicted to grow, with construction benefiting from projects like Rail Baltica and a shift towards sustainable practices. The agricultural sector, however, is expected to decline, aligning with broader EU trends.

LABOUR MIGRATION POLICY IN LATVIA

Research and interviews conducted for this study suggest that Latvia lacks a comprehensive immigration strategy, with national security concerns currently overshadowing labour market needs, best illustrated by additional assessment performed by the state security services, applicable for citizens of nearly 30 countries, which could take up to six months together with other immigration procedures.

There's an untapped potential in innovative legal migration pathways like the Startup Visa, Digital Nomad Visa, EU Blue Card that could better meet the demands of the Latvian labour market.

The Latvian Immigration Law, established in 2002 and amended in 2023, outlines the regulations for foreigners' entry, stay and departure. However, public attitudes towards immigration, as reflected in the 2021 Eurobarometer data, show significant discomfort and negativity towards immigrants, influencing the country's restrictive and selective immigration policies (Eurobarometer 2021). Latvia prioritises protecting its domestic labour market and applies a labour market test for most third-country workers. On a political level, so far preference for return of Latvian migrants over attracting foreign labour has been made.

Besides salary thresholds, the recruitment of a non-EU/ EEA worker can be initiated if the vacancy has not been filled by a Latvian citizen or a citizen of another European Union or European Economic Area country citizen within 10 working days. The right to employment is granted without vacancy registration only in exceptional cases, for example, for artists, composers, sportsmen, teachers and university professors etc (Ministry of Welfare 2023). Additionally, low wages and ineffective integration policies, particularly in education and health, diminish Latvia's appeal to migrants.

Nonetheless, in response to an ageing population and the arrival of Ukrainian refugees in 2022, the Latvian government has initiated reforms to integrate the Ukrainian workforce into the local economy. These include measures like expedited skills recognition, financial incentives for Ukrainians joining the workforce, and relaxed language requirements at work. With the recently formed centre-left government showing a willingness to adopt an immigration policy that supports economic growth (Evikas Siliņš vadītā Ministru kabineta 2023) and the National Human Capital Strategy in the pipeline, there's momentum for broader rethinking of how legal migration pathways could help fill the pressing labour market gaps in the coming years.

LEGAL LABOUR MIGRATION PATHWAYS

(Temporary) Residence Permit

To employ a foreigner for a long-term period in Latvia, a residence permit is required. Third-country nationals need to apply for a residence permit at the diplomatic or consular mission of the Republic of Latvia abroad. All residence permits are issued by the Office of Citizenship and Migration Affairs.

Third-country nationals are issued a temporary residence permit first, and, after a continuous 5 years residence and passing the test of knowledge of the official language (at least at the A2 level), they are issued a permanent residence permit. As to the European Union citizens, first they are issued an EU citizen's certificate of registration, and, after a continuous 5-years residence in Latvia, they become eligible for a permanent residence certificate.

At the end of 2021, Latvia had the biggest number of residence permits in the EU on a per capita basis with 147 permits for 1.000 inhabitants. The overwhelming majority of residence permits issued by Latvia were for 12 months or more (Eurostat 2022). The large number of residence permits issued are directly related to the existence of large historic Russian-speaking minorities in Latvia, which migrated to the country during the Soviet period, members of which have often chosen not to opt for the Latvian citizenship (Morris 2005).

When it comes to labour migration, the number of temporary residence permits issued on the grounds of employment over the last 5 years (even with a drop in 2020 during the COVID-19 pandemic) have remained relatively stable (Eurostat 2022). The biggest groups to obtain temporary residence permits on the grounds of employment in 2022 were citizens of Uzbekistan, Ukraine, India, Belarus, Tajikistan and Russia.

National D-Visa

A D-type visa, also known as a long-stay visa or the national visa, allows third-country nationals to enter Latvia for a specific period, either for a single entry, double entry or multiple entries. It is used for reasons of work, study and family reunification. Applications for type D visas are submitted at Latvian diplomatic missions or outsourced visa application centres. This visa is granted under several conditions:

- It is issued when a foreign national plans to stay in Latvia for more than 90 days within a six-month period, provided it aligns with international legislation, Latvian state interests, force majeure or humanitarian considerations.
- It is also granted when a foreign national intends to obtain a residence permit in Latvia based on a decision by the Office of Citizenship and Migration Affairs. In this case, a single-entry long-stay visa with a 30-days validity is issued.

In practice, the national D-visa provides a framework for a significant part of the employees relocating to Latvia. The pathway is used for short-term and temporary employment irrespective of the applicant's skill level. Given the more favourable conditions for highly-qualified specialists to apply for residence permits that are valid for longer and the EU Blue Card, Startup and Digital Nomad visa alternatives, the national D-visa is effectively utilised more widely by lower- and medium-skilled workers arriving in the country for a fixed amount of time. The national D-visa is thus the main vehicle for seasonal workers coming to work in Latvia. However, if seasonal workers intend to work for a period not longer than 90 days, they can also opt for a Schengen visa instead.

European legal provisions

In 2017, Latvia transposed Directive 2014/36/EU on the conditions of entry and stay of third-country nationals for the purpose of employment as **seasonal workers**. Seasonal workers from third countries can thus be employed in one of 46 industries for a fixed period of up to 6 months (EMN 2020). The process for inviting seasonal workers to Latvia involves several steps and includes a local labour market test. With the exception of 2020, which was marked by the global outbreak of COVID-19 pandemic, the number of incoming seasonal workers has been steadily increasing in Latvia, reflecting both the growing demand of the private sector and the increasing attractiveness of Latvia as a destination country for Russians-speaking citizens from Central Asia, Caucasus and Ukraine. Interestingly, as noted by interviewees, Latvian companies are becoming more and more reliant on services of external employment agencies, established in other EU Member States like Poland, Lithuania or Romania, with more favourable conditions for providing seasonal and skilled workforce from the third countries.

Latvia transposed the **EU Blue Card Directive** into its national legislation in 2012 and in theory it serves as one of the main tools to attract highly-skilled foreign

workers to the country's labour market by providing the possibility of residing and working in Latvia for up to 5 years and a simplified pathway to a permanent residence permit. However, in practice this pathway has not been utilised to its full potential, as employers still tend to choose a more familiar residence permit pathway. To qualify for an EU Blue Card in Latvia, applicants need to hold a higher education degree, which typically involves a minimum of 3 years education and receive a salary that is not lower than the monthly average gross remuneration in Latvia for the previous year multiplied by coefficient 1,5 (if the profession has been included in the list of professions in which significant labour shortages are expected, a lower coefficient of 1,2 may be applied) (Ministry of Welfare 2023).

Latvia transposed the requirements of Directive 2014/66/EU of the European Parliament and the Council of 15 May 2014 on entry and residence conditions for nationals of third countries in connection with transfer within the company in 2017. The Latvian **ICT permit** is granted for a duration of three years for individuals in managerial and specialised roles, while trainees receive a permit valid for one year. Individuals holding the Latvian ICT permit are granted the privilege to engage in work assignments in other European Union countries that have adopted this permit system for a maximum period of 90 days, without the need for additional work authorization. Similarly, individuals who possess an EU ICT Permit from other Member States that have adopted this system are allowed to work in Latvia for a period of up to 90 days without requiring an additional permit from Latvian authorities. However, despite the numerous benefits associated with this pathway, it has been utilised to a very limited extent, as evidenced by the fluctuating number of permits issued annually, ranging from 4 to 12.

Work and travel schemes

Latvia has entered into working holiday agreements with **Canada, Japan and New Zealand**. The provisions of these bilateral agreements stipulate that the main intention of the applicants should be to have a holiday in Latvia, with employment being pursued only if necessary. The age range for applicants is between 18 and 30 years (35 years for Canadians), which applies at the time of visa application. It is required that the applicants do not have dependent children, have not previously visited Latvia on a working holiday visa, possess a valid passport, and have either a return travel ticket or sufficient funds to obtain one, as well as reasonable

funds for self-maintenance. Additionally, both Latvia and **Australia** have expressed their mutual interest in signing a Work and Holiday Visa Arrangement to enhance economic and interpersonal connections.

Innovative (pilot) schemes or programmes

Over the last five years, Latvia has become an increasingly popular destination for foreign startup founders through its **Startup Visa** program. Launched in 2017 and updated in 2019, this program offers a three-year temporary residence permit to non-EU startup founders, accommodating up to five founders and their families per qualifying startup idea. Since its inception, 360 founders from 175 startups have taken advantage of this opportunity with Russian and Belarussian citizens being the main recipients. However, in 2022, due to the outbreak of the war against Ukraine, there was a noticeable decrease in the number of approved startup visas, with only 17 ideas (involving 41 founders) being granted. Therefore, at the time of writing Startup Visa was seeking applications from new geographies.

In June 2022, Latvia introduced amendments to its Immigration Law, enabling OECD third-country nationals to obtain a **Digital Nomad visa** designed for individuals who work remotely for foreign employers or are self-employed in various fields such as consulting or IT services. Family members of Digital Nomad visa holders, such as spouses and minor children, are not granted residence rights under this visa and must pursue separate residence permits if they wish to relocate together. In the course of the first year of its existence, five digital nomad visas have been issued and the limited exposure of this legal migration pathway could be partly attributed to a high income threshold (2,5 times the average salary).

In 2023, Latvian Startup Association "Startin. LV" together with Lithuanian think-and-do tank OSMOS and the Estonian Center for International Development (ESTDEV) kicked-off the second edition of the [Digital Explorers](#) project, an initiative in Talent Partnerships approach. Between 2023 and 2026, Digital Explorers II will aim to select, train and bring together up to 150 ICT professionals from the partner countries with front-running companies in the Baltic States and locally for recruitment, internships and knowledge exchange. The second iteration of the Digital Explorers project will test and draw lessons on how a pool of talents from partner countries can best be matched with businesses operating not only in a single Member State, but across internal EU

borders. The Investment and Development Agency of Latvia, Ministry of Economics, Riga City Council and Riga Investment and Tourism Agency have all endorsed the project on the Latvian side.

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

National priorities, strategy and regulations

Establishing a comprehensive migration governance strategy for addressing labour shortages

At the time of writing, a recast of the national migration concept was undergoing a second round of parliamentary readings, but foreseen changes were described as "mild". When it comes to implementation of EU legal migration directives, Latvia has transposed them all, but has not leveraged these frameworks for attracting the needed labour force. Therefore, Latvia is yet to identify the priority groups of third-country nationals it seeks to integrate into its economy, preferred countries of origin, and national comparative advantages for attracting foreign labour. The National Human Capital Development Strategy could serve as the focal point for answering these questions.

Establishing a one-stop shop for prospective migrants

Compared to neighbouring countries, Latvia does not have a single point of reference, which can provide information about relocation and work opportunities or engage in proactive marketing abroad. Thus, one of the biggest obstacles for attracting migrant workers is the lack of easily accessible information about the country, its labour market and formal requirements for entry and employment. Even though sporadic efforts have been made by the Investment and Development Agency of Latvia, Riga City Council and Information Center for Newcomers to summarise and present the relevant information online, some of the links still lead to Latvian-only or outdated web pages of a plethora of governmental institutions. Establishing a dedicated one-stop shop should foster coordinated communication, linked with national branding and presenting regulation, requirements and procedures in a clear and user-friendly way.

Allocating more resources to improve speed and efficiency of migration procedures (with a particular focus on automation), build staff capacity, remove excessive requirements

- **Allocating additional resources to the Office of Citizenship and Migration:** given the current constraints on resources (human and financial), particularly due to the ongoing war in Ukraine, the influx of refugees, and the review of residence permits of Russian citizens residing in Latvia, it is crucial to secure additional financial and human resources to expedite the issuance of temporary residence permits and visas.
- **Investing in technology:** additional finances should be directed towards the development and implementation of new tools and technologies to streamline and automate various migration processes. This could be taken to a point where the system would autonomously process applications and issue permits without the need for direct interaction with a migration officer, as long as no red flags or concerns are detected during the automated checks. Other innovative solutions could include online review of highly qualified specialists applications; digital document translation; automation of temporary residence permit extensions.
- **Staff development:** recognizing that migration is a complex and dynamic policy area, invest in staff training and development to equip them with the competencies required to effectively manage evolving migration processes. In the light of a high OCMA staff turnover rate and decentralised structure, it is crucial to invest in designing and regularly updating manuals and on-boarding procedures for incoming migration specialists in order to ensure coherence of decisions across the country. Also, consider secondments to other countries and provide exposure to diverse cultures to foster a better understanding of international migration dynamics.
- **Regularly reviewing additional assessment requirements.** Citizens of nearly 30 countries are subject to additional assessment performed by the state security services, which takes up to six months together with other migration procedures, which is considerably more than in some other EU Member States. The list could be reviewed more regularly and synced with the dominant European approach.

- **Review and remove excessive requirements.** Two requirements for employing foreigners could be reviewed. Firstly, the local labour market test requires employers to announce a job opening for at least 10 days, before hiring a third-country national. Experts agree that it is a mere formality and does not impact actual hiring decisions of the companies, but conversely creates an additional administrative burden. Secondly, the requirement to present educational documentation or proof of experience from potential employees to the OCMA can be revised. Based on the experience of the “Green Channel” programme, a number of shortlisted employers could be granted the right to check skills and competencies themselves, which could be gradually expanded across sectors.

Prioritising student attraction and retention

In the context of long-term migration, Latvia should look for ways to attract more foreign students, who would be encouraged to continue working in the country. This group possesses a unique advantage amongst other migrant groups, given their integration (to a certain extent), existing familiarity with Latvia, its culture and environment, as well as already established networks created during their studies. Students represent one of the most accessible and promising target demographics for recruitment for Latvian employers. Also, Latvia could follow the Estonian example and lift the salary threshold for the foreign students who have completed their studies in Latvia.

Revising and expanding the existing seasonal work program

The demand to pay the average wage in Latvia for all contracted foreign employees creates an unfair situation vis-a-vis the domestic labour force, especially in seasonal-work dominated sectors. Thus, application of sectoral average is recommended. To date it has been implemented for agriculture, forestry and fishing industries (Ministry of Welfare 2023), and could be extended to sectors such as hospitality, logistics or retail.

Integrating refugees and sensitising Latvian society

Although Ukrainian refugees have brought in skills to Latvia, there is no long-term strategy on how to fully incorporate the Ukrainian labour force into the Latvian economy, mainly because of uncertainty of how long they plan to stay. Considering their integration into the Latvian society and labour market could open another pathway for foreign labour matching labour market needs.

EU-level tools and measures for labour migration

EU entry point establishment

It would be useful for countries such as Latvia for the EU to explore the establishment of common EU entry points for the document and biometric data collection of visa and residence permit applications abroad in third countries. These entry points, focusing on document and biometric data collection, would streamline the process for attracting international specialists and offer a more efficient system than current ones, like VFS centres subcontracted by Latvia. Accessible to all EU Member States, these entry points could handle initial screening, with national authorities responsible for further application processing. This model would facilitate the smoother, large-scale attraction of specialists, benefiting Latvia and smaller EU member states in particular.

Implementing Talent Partnership pilot initiatives as a strategic approach to connect with target partner countries effectively

Initiatives can serve multiple purposes:

A. Assess Integration Potential: test how well professionals can integrate into Latvia. By understanding their expectations and readiness for integration, Latvia can tailor its strategies to ensure greater attractiveness to specialists as well as their smoother relocations.

B. Market Assessment: assess demand of professionals in specific markets, which can guide programmes to align more precisely with market needs.

Projects aligned to the Talent Partnership approach offer strategic and data-based insights into both integration potential and market requirements, functioning as an initial market test. This approach, exemplified by the Digital Explorers programme, could expand beyond current partner countries and sectors to include other in-demand professions, like electric grid engineers, creating legal migration pathways for highly-skilled workers.



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