

# Re-thinking approaches to labour migration

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

### Case Study Summary — **Germany**



#### KEY MESSAGES

- Labour migration is increasingly recognised as a key policy intervention to fill vacancies for skilled or qualified professionals needed to counter a shrinking workforce population. Germany is actively looking to third countries to plug its gap in skilled labour.
- Through the 2020 Skilled Immigration Act, the government has given shape to a comprehensive policy reform, further reviewed and expanded in 2022, with the ultimate aim to make it easier for skilled workers from non-EU countries to move to Germany to work.
- According to data published by the Institute for Employment Research (IAB), there were 1,75 million open vacancies as of the first trimester of 2023. Labour shortages continue to exist across critical economic sectors, costing companies nearly 100 billion EUR of lost output.
- Despite the presence of a rather favourable framework, only a limited number of third-country nationals are hired annually. Obstacles such as language proficiency and recognition of qualifications' requirements to hamper the possibility for many skilled workers to relocate to Germany for work.
- In the past decade, Germany has experimented labour mobility pilot schemes, heavily relying on government financing. Today, despite the active financial involvement of private sector actors, projects have not been able to scale and create sustainable channels to predictably meet the labour market needs.

## BACKGROUND AND CONTEXT

After a few significant waves of labour migration since the 1950s, Germany has experienced a gradual liberalisation of the immigration regime for qualified immigrants since the early 2000's, with the simplification of procedures for highly-skilled workers and the requirement to take into consideration economic and labour-market interests and skills shortages when managing migration. The current government intends to attract the necessary skilled workforce: IAB estimates that to maintain its economy and current labour supply levels, Germany would need a net immigration of 400.000 per year until 2060.

In 2022, the government presented a new legislative package to further liberalise the framework for immigration and make it easier for skilled workers from non-EU countries to get to Germany to work. Bureaucratic hurdles and missing required German language skills still impeded many migrant workers to make that choice or employers to hire. The amendments establish a three-pillar system for skilled workers, introducing also a supply-driven tool in the form of the 'opportunity card', a point-based system for highly-skilled workers to come to Germany without a job offer.

A significant number of economic actors are in favour of easing access of third-country national workforce to address glaring labour shortages. Small- and medium-enterprises (Mittelstand) and German industry at large welcome the reform. However they cannot cope with this task alone as administrative hurdles can impact the reform's success. The visa offices abroad can be a significant bottleneck without additional specialised staff, the long waiting times are detrimental to the employment process. The new immigration law can only be as good as its practical implementation.

## CURRENT AND FUTURE LABOUR SHORTAGES

Germany's economic performances have been declining since 2021, though by 2030 estimates suggest that it will grow again by 1,1%. Besides regional disparities, demographic change will become very challenging for the German labour market, with the number of younger and middle-aged persons in the labour force significantly decreasing and only the age group 60+ growing. This will result in a rapidly changing age structure of the labour force which

will shift from being a highly productive middle-aged workforce to an age group whose performance is expected to be much lower.

According to data published by the Institute for Employment Research (IAB), there were 1,75 million open vacancies as of the first trimester of 2023. Labour shortages continue to exist across critical economic sectors, costing companies nearly 100 billion EUR of lost output. More than half of Germany's companies are struggling to fill vacancies, mainly in specialist jobs (requiring at least a university degree or professional training for regulated professions) like plumbers, heating specialists, cleaning, nurses and medical technicians, IT professionals, construction specialists, or hotel personnel.

It is commonly understood that Germany is dependent on workers who come from abroad and recent reforms can further fuel labour migration into these key productive sectors. Certain industries, such as catering or geriatric care, already depend overwhelmingly on the immigrant workforce, 60 percent of all employees in the cleaning industry come from an immigration background, 46 percent overall in the catering industry, 51 percent of which are cooks (Destatis 2024). This provides a sense of the dependency rate of some economic sectors on foreign workforce, which varies across regions.

## LABOUR MIGRATION POLICY IN GERMANY

The 2020 Skilled Immigration Act sets the compass of the new German approach to labour migration by simplifying requirements for skilled workers through two novelties. First, it expanded the definition of skilled workers to include workers who completed vocational training and not only highly-qualified professionals and made their employment no longer subjected to a labour market test. Second, it introduced a "search option" that enables prospective migrant workers to immigrate under certain conditions in order to find a training or a work opportunity.

The current government amended in 2022 the Skilled Immigration Act to introduce new measures, which recognize the reliance of German immigration policies on foreign workforce. The law consists of three main tracks.

- **Employment track.** Applicants need to have their qualifications recognized, a job offer or contract. People above 45 years old must earn more than the salary threshold set at EUR 46.530. The

Employment Agency verifies that employment conditions align with German standards. The visa is obtained at a German representation abroad before applying for a residence permit, which is then issued for the duration of the job contract, for up to 4 years, and is renewable.

- **Job seeker.** A job-seeker visa is available for people with university education. The new law expands the scope of the legislation to people with a recognition certificate but no employment in non-academic or vocational training. Visa holders can only work 10 hours per week in the job they qualify for and need to demonstrate they can cover their expenses for that period of time. They do not need to have knowledge of German, yet the visa cannot be extended.
- **Recognition of foreign qualifications.** The third track is open to workers partially qualified to enter Germany to complete their training/education. Through a separate procedure, a recognition certificate can be used to obtain a certificate of deficits that demonstrate the gaps in education. For a permit to be granted on this basis, skills can be obtained within 18-36 months (either through on the job training, vocational training, language education higher education, or a combination). It can be converted into a work permit upon completion of training and issuance of a job offer.

This new policy context takes into account the recent trends which have seen a new increase in labour mobility towards Germany, mostly in sectors where the greatest demand is among people with vocational training qualifications.

## LEGAL LABOUR MIGRATION PATHWAYS

### European legal provisions and their use

Germany transposes the EU legislation into national law. Most of the German legislation on labour migration is based on EU directives. The EU Blue Card, created in 2012, grants a special residence title for foreign academics and people with comparable qualifications who want to take up qualified employment in Germany. The salary to obtain an EU Blue Card must be at least one-and-a-half times the national salary average in Germany. Exceptions apply for those employed in a bottleneck profession. It is by far the first EU Member State using this pathway to hire skilled immigrants, which represents a third of all non-EU skilled immigrants in Germany (approx.

22.000 first-time EU Blue Cards issued to third-country nationals in 2022 against a total of about 63.000 holders). Roughly one-quarter of first-time EU Blue Cards were issued to Indian nationals, followed by Turkey, China, the Russian Federation and Iran.

The **intra-corporate transfer (ICT)** card has been part of the Residence Act since 2017. It regulates the conditions for the entry and residence of employees transferred within the company, enabling undertakings established outside the EU to deploy managers, professionals, or trainees to work in a German branch for a set amount of time, up to a duration of 3 years. For trainees, the duration is limited to a maximum of 1 year. Applicants submit the necessary documents to obtain a visa to enter the country directly to the relevant German diplomatic missions. In 2022, a total of 1.839 ICT permits were delivered. In the same year, 1.760 work permits were granted according to the **Seasonal workers Directive**. Germany has ratified two bilateral agreements between its Employment Agency and Moldova and Georgia allowing a yearly determined contingent of workers to enter Germany without a visa and without skill recognition on the basis of an employment offer for a period between 90 and 180 days. Other agreements are in negotiation with BiH and Albania but not with countries outside Europe.

### Seasonal or temporary migration

#### *Western Balkan Initiative*

The Western Balkan Regulation enables unskilled workers from Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro and Serbia to access employment opportunities in Germany without prior recognition or language test. Nationals of Kosovo will be eligible as of 2026. To immigrate, workers need to justify a BA-approved job offer from a German firm. Since 2016, the Regulation has been renewed twice with an annual quota of 25.000 workers until 2023. The current government plans to make the Regulation permanent, increase the annual quota of workers allowed, and expand it to other countries of origin.

Between November 2015 and May 2020, around 244.000 preliminary approvals for applications for employment from the Western Balkans in Germany were granted (58.000 rejected), resulting in approx 100.000 permits issues (Wagner, M. et al 2023, Katsiaficas and Güzelant 2023). Workers under the Regulation take up employment in low paid occupations, mostly cleaning, construction and

hospitality. Upon agreement with the Employment Agency, workers can change employers and apply for family reunification on the basis of their residence permit (PICUM 2022). Experts interviewed for this research argue that the measure is one of the most liberal in the German labour migration policy framework that was born out of domestic considerations over the rise of asylum seekers from the region.

### ***Working holiday scheme***

Germany has a working holiday programme established through bilateral and reciprocal agreements with Argentina, Australia, China, Hong Kong, Israel, Japan, South Korea, New Zealand, Taiwan, Uruguay. Brazil is set to join the scheme soon. A separate scheme called the Youth Mobility Program (YMP) exists for Canadians to come, travel, intern, or work in Germany. Eligible applicants should be between 18-30 years old. The YMP is extended to 35 years old. Applicants should show sufficient resources (EUR 2.000), have a return ticket or sufficient resources to purchase one, and valid health insurance. Additional requirements may be specified under the different bilateral agreements. The application must be submitted to German representations abroad. There is no specific limit to the number of hours working holiday visa holders can work once in Germany.

### ***Opportunity Card***

The introduction of an opportunity card is open to all age groups from all third countries and issued for a maximum of 1 year. Card holders need to show sufficient resources but may also work for up to 20 hours per week. They can either transition into other types of residence, such as for employment purposes, or can renew the card for another 2 years. The card can be obtained in two ways. Applicants who received full recognition of their foreign qualifications and fall under the skilled worker category (at least 2 years of professional or academic training) can obtain the card without further requirements. Other applicants will receive points on the basis of criteria and details which are being elaborated by the German government.

### **Bilateral cooperation agreements**

The Employment Agency negotiates bilateral agreements with authorities in partner countries to lay the ground for specific schemes or pilot projects: it negotiates the placement agreements independently and is in constant contact with the Federal Ministry of Labour and Social Affairs. The content of such

agreements is not made public, while official and comprehensive evaluations of their effectiveness have not been conducted yet (due also to the recent nature of such agreements).

Bilateral agreements exist with Bosnia and Herzegovina, the Philippines, Tunisia, Indonesia, Kerala, Mexico, Colombia for care workers, Georgia and Moldova for the recruitment of seasonal workers. In 2022, the Federal Employment Agency signed a mediation agreement with Jordan on the placement of future nursing professionals. Germany also signed a bilateral comprehensive migration and mobility partnership agreement with the Republic of India and is also working on a migration-related agreement with Kenya.

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

### ***Overcoming language barriers to labour mobility***

Countries with few native speakers outside their borders are unlikely suitable for a demand-driven labour migration system as language barriers make it difficult to hire someone directly into a job. Germany does not benefit from language and other ties with former colonies. Spain, France and Portugal all have such links allowing to attract global talent and shortening the time necessary to integrate when compared with Germany (Schneider 2023). Some programs already foresee that preparatory language courses take place before taking up the job in Germany. Lowering language proficiency criterias or investing in financially durable solutions to improve access to language training should be sought, but not at the cost of sufficient quality of services and satisfaction by providers and sector's beneficiaries (particularly important in the health care sector).

### ***Improving job matching***

Developing functioning matching platforms at national level would facilitate contacts between employers and aspiring migrant workers. While large companies often have their own recruitment service, SMEs have less capacity, time, resources, and experience to hire migrant workers in third countries. Likewise, aspiring migrant workers in their countries of origin have little access to German employers. A stronger focus on job matching and on the provision



of information to migrant workers could help facilitate the link between employers and migrant workers. A tool like the proposed EU Talent Pool should ensure employers' buy-in to feed the vacancies into the system – perhaps by reinforcing cooperation with national agencies as well. However, such a platform should also be attractive and easy-to-navigate to be fully accessible and useful to employers.

#### ***Reducing administrative hurdles***

Despite the continued efforts to improve the system, more needs to be done to make Germany a more attractive place to move to, by making the associated administrative processes less bureaucratic and involving the private sector more strongly from a financial perspective and on an operational level. Strategic interagency and interdepartmental partnerships, including with civil society actors, researchers, employers' associations and trade unions are needed to bring the German policy on transnational skills and mobility partnerships forward. Coordination mechanisms between different levels of government and administrations can accelerate the recognition procedure of foreign qualification, including through the digitalization of administrative steps.

#### ***Enhancing cooperation with third countries***

Several efforts should be pursued at national level, with the deployment of targeted activities and channelling of earmarked funding. Reinforcing TVET curricula in critical skills and occupations to support transition economies in countries of origin and of destination would reduce additional training (and related costs) at destination while creating a sufficiently large pool of qualified workers ready for the German labour market. Together with the increase in the capacity of national employment agencies in countries of origin for the pre-recognition of skills and qualification in line with destination countries credentials, Germany should contribute to mapping, coordinating and incentivising fair recruitment agencies that would operate between governments, employers and workers.

#### ***Exploring Global Skills Partnerships (GSPs)***

In the current context, the Global Skills Partnership (GSP) model presents several advantages, which can intersect private sector need and supply of qualified workforce without a high degree of policy reforms. First, it minimises the risks of brain drain by training a cohort that can seek employment in their home country. Second, it helps alleviate shortages in key sectors that require mostly technical or TVET which are in demand. Third, the dual training model combining work experience and further training would make use of the TVET spots available, and ensure a smoother integration of foreign workers. Such an approach would support government objectives of boosting the arrival of qualified foreigners workforce while staying aligned with its development cooperation agenda. However, for impactful results, a long-term commitment is essential for paving the ground and overcoming the risks embedded into short project cycles.



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