

# Re-thinking approaches to labour migration

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



### KEY MESSAGES

- The Netherlands experiences shortages for ICT, health and specific technical professions as well as in the horticultural and agricultural sector. The percentage of employers reporting difficulties in filling jobs in the Netherlands is on the rise.
- Pathways to the Netherlands exist mainly for highly-skilled migrants through the *Knowledge Worker (Kennismigratie)* scheme, which is seen as successful both in terms of numbers and effectiveness. Other promising schemes are the residence pathways for start-up employees and entrepreneurs. The Dutch system is very restrictive for the low- and medium-skill segment with only few exceptions for specific jobs.
- The Dutch Government has been exploring in what way circular migration schemes could be included or embedded in partnerships on broader migration governance with a view to strengthen cooperation with third countries. This could provide entry points for exploring skills and mobility partnerships under the EU Talent Partnership framework.
- Depending on the sector, existing migration pathways could be utilised. For some sectors and skill levels adaptations to increase flexibility would need to be introduced, such as exemptions to the labour market test or the lowering of salary requirements, so as to allow for such schemes to be effective.

## BACKGROUND AND CONTEXT

The Netherlands is known to have a vibrant and multicultural sporting, business and cultural life. Several sectors of the Dutch economy depend on labour migrants, particularly knowledge migrant workers. The current coalition government however takes a stronger anti-immigration stance than previous governments.

Labour migration has historically been utilised in the Netherlands to respond to economic needs. Migrant workers from Southern Europe were recruited during the period of post-War reconstruction and industrialisation, and primarily Moroccan and Turkish guest workers arrived during the 1960s. Family reunification schemes, introduced in the 1970s, today play an important role for Dutch immigration, particularly from outside the EU.

The Netherlands has a positive net migration with the majority of immigrants coming from other European countries. Immigration to the Netherlands – specifically from EU and EFTA countries – is often temporary with the majority of migrants departing again within 10 years of entry. Family reunification is an important motive for entry for migrants from non-EU/EFTA countries, as well as labour migration. The top three countries of origin for highly-skilled third-country national (TCN) ‘knowledge’ workers (*Kennismigratie*) in 2022 were India, Türkiye and Russia. Other labour migrants are predominantly from China and the US.

Labour migration of TCNs to the Netherlands has been an important political subject of discussion for several years. A new government coalition was formed in 2024, moving the tone of Dutch politics to the right. The new government’s manifesto outlines steps to reduce immigration as well as to tighten restrictions concerning access and integration requirements.

## CURRENT AND FUTURE LABOUR SHORTAGES

Structural shortages of skilled workers exist in key economic sectors – such as ICT, health and other professions – in the Netherlands as in other EU countries. Whether supply can meet demand varies from year to year: the percentage of employers reporting difficulties in filling jobs in the Netherlands is rising. Employers’ federations have stressed that there are currently staff shortages in almost all sectors, with the numbers of open vacancies being higher

than the number of people being unemployed in the Netherlands. Shortages are greatest among highly-skilled professions: engineers, technicians and ICT specialists. However, there are also specific shortages of workers educated at the senior secondary level, such as professionals in sectors such as healthcare, education and construction.

In the ICT sector, large shortages of ICT specialists and professionals have been recorded in recent years, though recent indications from the Research Centre for Education and the Labour Market (ROA) shows that there are no bottlenecks to be expected for ICT professionals overall. A large gap exists among teachers and childcare supervisors (nursery teachers) in the education sector.

Healthcare and welfare professions have had a long history of facing bottlenecks when it comes to personnel. Within the sector there are, however, big differences between specific professions. Gaps are documented mainly for professions which require a high to medium-level of education, such as doctors, nurses and health care professionals.

The severity of existing labour shortages differs depending on the specific technical profession. Employers wanting to employ specialists in nature and technology (for example, engineering and environmental technicians), production managers for industrial construction, or electricians and electrical engineers will face shortages on the labour market. Large bottlenecks are also expected for engineers, physicists, technical scientists and research mathematicians. Also in short supply are senior secondary vocational (specialist or middle management training; Dutch MBO-4 level), bachelor and master-level educated workers in engineering (Bakens et al., 2020). For instance, the metal industry is suffering from shortages of mechanical engineers.

Demand for MBO-2, MBO-4 and Bachelor level educated persons in the agricultural sector is higher than supply, with bottlenecks expected for horticulturalists, arable and livestock farmers. Employers federations in the agricultural sector (e.g. LTO<sup>1</sup>) advocate for the horticulture sector to recruit migrants and representatives of the agricultural sector note their strong interest in labour immigration from outside the EU.

Other professions in which bottlenecks existed in 2023 include public administration, security and legal

<sup>1</sup> LTO is Netherlands Agricultural and Horticultural Association

professionals, general and production managers for specialised services.

## LABOUR MIGRATION POLICY IN NETHERLANDS

Dutch labour migrant admissions policy is highly selective. Whereas the Netherlands is welcoming to highly-skilled migrants, there is reluctance to admit other migrant workers aside from those for certain specialised professions. Policies and measures announced by the 2024 coalition government are likely to exacerbate this trend.

The Netherlands' migration policy is focussed on attracting high-skilled labour migrants for its knowledge economy through its knowledge migrant scheme. Dutch labour migration pathways exist predominantly for high-skilled migrants and remain restricted for lower- to mid-level skilled workers. Migration policy is not aimed at specific sectors, and in some extreme cases exceptions have been made to the focus on high-skilled workers in the past (such as for Asian chefs). In vital sectors such as healthcare, there is certainly room for adopting more flexible pathways. The opportunities that labour migration from outside the EU offers to Dutch society are currently not being sufficiently researched, considered or utilised. Given the current political climate, it is unlikely that the government will seek to establish more flexible or liberal policies for this skill segment.

Migration was an important political subject leading up to the 2021 and 2023 election. Debate centred not only on how many persons should be allowed to migrate to the Netherlands in future, but also on the status of labour migrants currently in the Netherlands, including their rights, living conditions and access to public services. The outcome of the 2023 election favoured a more right-wing, anti-immigrant policy position.

Priorities set out in the coalition agreement of the new government formed in 2024 with regards to labour migration include:

- Limit labour migration at low wages and under poor working conditions, amongst others through a 'crack-down' on employment agencies and through tighter regulation of the temporary employment industry.
- Mandate employment permits for all third-country nationals seeking to work in the

Netherlands with the exception of 'knowledge migrants'

- Tighten qualification requirements for the 'knowledge migrant' scheme
- Mandate employers to provide adequate housing
- Possible scale down of tax benefit scheme for international migrants.
- Explore the possibility for the Netherlands to restrict free movement of people within the EU
- Introduce more selectivity in international study migration
- Introduce Stricter rules for integration and naturalisation

Debates have also been held on the concept of a 'well-being approach to labour migration' brought forward by the Dutch Advisory Committee on Migration. It takes both labour market needs and the interest in filling employer demand for migrant workers, as well as societal concerns about the impact of labour migration on housing, education and healthcare into account. With the new coalition government the objective is to more strictly control labour migration and being more selective.

## LEGAL LABOUR MIGRATION PATHWAYS

### Highly-skilled segment: Knowledge migrant scheme

The scheme for highly-skilled migrants, or 'knowledge workers' (*kennismigranten*) was launched in 2004. Highly-skilled migrant workers are defined according to a minimum monthly market salary and qualification requirements of academic research or doctoral training. In addition, the employer has to be a recognised sponsor and meet certain conditions. A residence permit for highly-skilled migrants can be issued for a maximum of five consecutive years.

Almost two thirds of all labour migrants from outside the EU come through this scheme. After a dip in 2020 (with only 13.710 applications) due to the COVID-19 pandemic, numbers picked up in 2021 again with 22.840 received applications. Approval rates for the scheme are high, ranging from 91 to 94% in recent years. In 2022, the IND gave out 21.550 permits under this pathway. Main nationalities in 2022 were Indian, Turkish and Russian. Many end up leaving again and are transient: "Of the knowledge migrants who came to the Netherlands in 2009, more than 80% left the country again within 10 years" (ACVZ 2021).

The knowledge migrant scheme is restrictive and often used by IT professionals. It works well for younger entry-level IT labour with university education, which meet the salary requirements. Companies in other sectors with labour shortages, such as the technical installation sector mentioned above, rarely use the scheme as they are unable to meet the necessary criteria (with persons often being matched and trained on-the-job). Workers needed in the healthcare sector, such as nurses, usually do not qualify for the knowledge worker scheme as they do not meet the required salary level.

### Medium-skill/ low-skill segment

The middle or low skill segment of the labour market is not supported by a labour migration policy that is specifically geared to it. For less labour-intensive work or for lower paid specialist work which is subject to increasing shortages in the labour market, the Netherlands uses a restrictive framework through a combined residence and work permit.

The application of a strict labour market test for workers in the low- and middle-skill section is the key reason for the low admission number of migrant workers that do not qualify for the knowledge worker scheme. For health workers hurdles in the skills recognition process and the wage criterion is another factor.

In the past some exemptions existed through a specific covenant between the IND, the UWV and the Asian catering industry in the form of a quota based scheme for 'Asian chefs'. This has however been discontinued in 2021 with mixed results and signs of abuse by employers.

### European legal provisions and their use

Access to the Dutch labour market under the **EU Blue Card scheme** exists in parallel with the *Kennismigrant* scheme. The Netherlands applies a wage requirement to EU Blue Card applicants, similar to the Kennismigrant scheme. Applicants also need to have completed a higher education programme demonstrated by a recognised diploma and hold an employment contract that lasts for at least 12 months. Under the EU Blue Card scheme, however, only few labour migrants enter the Netherlands. In 2020, only 150 migrants were granted a work and residence permit under the EU Blue Card Scheme, in 2022 it was 220. In 2018, the number stood at 118. Between 2011 and 2016, a total of 74 residence permits were issued under the EU Blue Card Directive.

**The Seasonal workers Directive** offers third-country nationals the opportunity to work temporarily in the EU as seasonal workers. Under the directive, EU member states have the right to carry out a labour market test before granting permits. The Netherlands makes use of this right, which, in effect, has meant that it has been impossible to receive a work permit as a seasonal worker under the EU directive. So far, no third-country nationals have been admitted to the Netherlands on the basis of the Seasonal Workers directive, because the labour market test has always shown that there are other workers in the Netherlands or the EU that could carry out the work. To date, seasonal work in the Netherlands has been done mainly by workers from Poland, Romania and Bulgaria. However, since it is becoming increasingly difficult to attract workers from these countries, attracting seasonal workers from outside the EU may be important in the future.

The Dutch system has incorporated the guidelines of the **EU Intra-corporate Transferees Directive**, which allows managers, specialists and trainees to be transferred to Dutch branches of international companies where they are employed. In 2022, 3.420 knowledge workers came through this provision.

Concerning the **EU Talent Partnerships**, the Netherlands engages in two smaller scale MPF-funded projects which includes mainly short-term circular mobility for training purposes. The Netherlands are yet to define their future approach in framework of the EU Talent Partnerships.

### Innovative pilot schemes and programmes

In 2015, the Netherlands put in place a **startup scheme** for innovative entrepreneurs. With this policy it became one of the frontrunners in Europe to establish policies for startups within and outside the EU, next to Estonia and France. In order to receive a start-up residence and work permit, a number of conditions (existing business plan, cooperation with registered facilitator, sufficient financial resources etc.) must be met and a process has to be followed. As part of the access scheme, startups must cooperate with a so-called recognised facilitator, that offers the starting entrepreneur a tailored support package and helps with business operations, marketing, market research and finding investors. The startup scheme receives between 100 to 150 applications yearly with approval rates of 68%, 64% and 82% respectively for 2019, 2020 and 2021. Most applications for the start-up schemes during the past three years have come from Indian, Iranian and Russian nationals



A pilot residence scheme for **key essential personnel** of startups has entered into effect in June 2021. This scheme makes it possible for innovative companies to hire essential personnel from countries outside the EU at a reduced salary criterion in exchange for a share in the company. This was based on the realisation that key personnel were often not able to meet the high salary threshold of the knowledge migrant scheme. In 2022 10 permits were granted for key essential personnel.

There is a residence permit scheme for **self-employed people** who want to work and live in the Netherlands. The services offered, or activities performed, will need to serve the interests of the Dutch economy and the IND takes the advice of the RVO on this. The essential interest of the Dutch economy is assessed on the basis of a points-based scoring system. Together with the start-up scheme, in total 580 permits have been issued for self-employed people in 2022. Most applications were in the context of the Dutch-American friendship treaty.

## Seasonal and temporary migration schemes

### Seasonal workers in the agricultural sector

As mentioned above, under the EU Seasonal workers Directive, the Netherlands has opted to apply strict regulations when transposing it into national law. The Netherlands has a scheme that makes it possible to apply for a residence permit for seasonal work specifically in the agricultural sector. This permit allows a labour migrant to work for a maximum period of 24 weeks for an employer in agriculture or horticulture, who acts as a sponsor or recognised sponsor. The income requirement is to earn a minimum of EUR 2.069,40 gross per month, excluding holiday pay. This scheme is however also rarely used in practice. Applications are rejected on the basis of a strict labour market test by the UWV.

### Au pair scheme

The au pair scheme has been adjusted in September 2022 so that less abuse of the system is possible. Migrants must now be from outside the EU, unmarried and without (foster) children. There is also a new age criterion for the person to not be older than 25 years at the time of application (previously the age criterion was 30 years) and not younger than 18. The policy change aims to prevent the au pair scheme from being seen as an entry point to enter the Netherlands and bring families. It also aims to ensure that au pairs are not required to work long hours and perform heavy domestic duties, an aspect

that the Parliament is mandated to evaluate in 2024. The number of residence permits given to AuPairs in 2021 amounted to 1.380 and increased to 1.630 in 2022. The top 5 nationalities for au pairs in the Netherlands are Filipino, South African, Brazilian, Thai and Indonesian.

### Intern or Trainee

For third-country nationals to come to the Netherlands as an intern or trainee, a single permit is needed. A labour market test applies as well as a salary requirement. The employer has to be registered under the Dutch Commercial Register of the Chamber of Commerce. Requirements differ for different education levels (e.g. secondary vocational vs. university level or apprentice work placement). In general employers act as sponsors for the intern and it must be part of a training or education programme with clear learning objectives. The duration of traineeships are 6 months at most for vocational education level and one year for university level. Employers are not allowed to have more than 10% of the permanent workforce as trainees or interns.

Extra requirements apply for a **Young Workers Exchange Programme** that the Netherlands has agreed with Canada (for Canadian nationals between 18 and 31 years of age). The duration for this internship is 1 year at most and is linked to obtaining a degree at a university.

## Bilateral or special labour agreements and partnerships

The Netherlands has experience with some pilot schemes on labour migration in the past (Blue Bird Scheme) which planned to give 160 medium-skill professionals from South Africa and Indonesia the opportunity to temporarily work in the Netherlands. This circular migration scheme did however not bring the envisaged results and was therefore discontinued. There are currently two schemes for the purpose of work or training. The Match project, implemented by IOM, aims to address labour market shortages in four EU countries, including the Netherlands and the Mobilise project that aims to launch a talent development programme between the Netherlands, Tunisia, Egypt and Ethiopia in the area of climate-smart-agriculture (however with limited work related mobility).

The previous government has been exploring in what way circular migration schemes could be included or embedded in partnerships on return and readmission and wider migration governance with third countries as part of a comprehensive approach

to migration management. Whether this will continue under the 2024 coalition government is yet to be seen.

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

The current Dutch labour migration policy is unable to keep pace with the demand for workers across skill levels. Especially for labour migration pathways in medium-skilled sectors covering for instance specific technical or health sector professions, introducing increased opportunities in the future could be useful.

There are in theory several options to increase flexibility in the Dutch labour migration system and open pathways through adjusting policies within the existing Dutch legal framework. However, given the priorities in the 2024 coalition agreement concerning labour migration, it is unlikely that there will be appetite for introducing more flexibility. Instead, more restrictive policies may enter into force that do not follow a strong economic or labour market logic but balance with other societal concerns.

The following possibilities exist if a more pragmatic and labour market oriented labour migration strategy was to be adopted.

### *Introducing exemptions for the labour market test or work permits for specific sectors*

The application of the strict labour market test for workers in the low- and medium-skill section is the key reason for the low admission number. Employers in agriculture but also in technical fields would welcome additional opportunities, for instance through exemptions from the work permit or labour market test for specific professions or sectors that are short in supply.

While currently not concretely discussed by the Dutch government, the following options would provide such flexibility. One way to introduce such exemptions is for employers in specific sectors to establish **sectoral agreements** (so-called covenants) with the trade unions and the UWV. These agreements could include exempting specific groups from the strict labour market test and can also be combined with quotas. Other criteria or conditions, such as provision of housing, fair pay, training or other support could also be included. A

second way to establish such exemptions is through a **ministerial declaration** issued by the minister to exempt certain professions from the labour market test or the need to have a work permit issued. This is how the knowledge worker scheme came into being. Such exemptions can be combined with measures such as the salary threshold for knowledge workers. Introducing a more limited labour market test instead of a full one is already possible for particular groups such as working students, trainees, practitioners, teachers in international education and short-stay highly-skilled migrants. Extending it to other groups would require a decision of the Ministry of Social Affairs and Employment, which is able to apply it to other groups in exceptional circumstances on the basis of international exchange, trade relations or study. Another way to introduce exemptions is for the government to relax the labour market test (e.g. for specific professions) as discussed further below or to introduce a list of (periodically assessed) labour shortage occupations for which exemptions or relaxed rules could be introduced.

### *Lowering the threshold for the salary requirement of the knowledge migrant scheme*

While possible in theory, this measure is politically not likely to be feasible. To the contrary, salary requirements can rather be expected to be tightened in the foreseeable future. In theory, this would mean that more professions (including in the medium-skill sector, such as nurses who at the moment do not meet the salary requirements) would qualify for the scheme. Minimum salary requirements usually ensure that there is indeed a high need for these workers (expressed through the minimum salary-level). The risk with lowering the salary threshold is that this key characteristic vanishes. Since the knowledge migrant scheme is seen as efficient and effective by the government, this has already been an unlikely route during previous governments and is likely to remain so with the current government.

### *Lower assessment threshold and introduce flexibility for the priority offer (labour market test)*

In principle, the Netherlands has a flexible system that should allow employers to hire third-country nationals if there is a shortage in the labour market and if sufficient attempts have been made to find labour supply in the Netherlands or in the EU. In practice however, the assessments of UWV are rather restrictive. Given that there are several hundreds of thousands of Dutch nationals receiving social assistance, there is a view that in principle, labour is available (even if this is not the case in practice)

and requests (especially for lower-skilled workers) are declined on this basis. UWV could be flexible in their assessment whether labour is available or not. Another option is to reduce the required vacancy notification period required for the labour market test and accelerate it for certain shortage professions (as was the case with the Asian catering industry). Again, given the stated objective of the new coalition government to reduce labour migration, this is unlikely to happen under the current administration.

### ***Exploring skills mobility partnerships and circular migration schemes***

The Netherlands currently does not have a specific and official skills and migration partnership with any partner country. The previous government deliberated on whether to introduce targeted and limited temporary legal migration opportunities with partner countries that would then cooperate more strongly on return and readmission questions. Such an approach could support broader migration partnerships, while also contributing to addressing some labour market shortages – even if at a very small scale.

Depending on the skill and salary level as well as sector, setting up such schemes may possibly require adaptations of the existing immigration pathways described in the previous two sections. The 2024 government may however take a different direction and disengage from the idea of Talent Partnerships or other similar mobility initiatives with other countries.

### ***Accelerate visa issuance and skill recognition***

The length of time needed to process residence and work permits (in some cases up to 6 months) has been noted by employers as a barrier to flexibly hiring workers from third countries. Other than above mentioned possibilities for reform it would be important to increase the facilitation and acceleration of visa issuance for priority sectors. Moreover, other administrative barriers include the collection and effective review of required documents such as diplomas, birth certificates and certificates of good conduct. These aspects can be addressed through partnerships and capacity building activities with public employment agencies in partner countries, which would also align with Dutch policies of supporting a digital transformation agenda.

### ***Linking labour market analysis, employers' needs and migration policies***

Employers' federations suggest a long-term strategic labour migration policy based on analysis and forecasts of shortages in sectors rather than the current process of lengthy procedures for individual vacancies. The Dutch public employment service UWV provides periodic forecasts on shortages in economic sectors in the Netherlands. Such forecasts and analysis could be more explicitly linked to migration policies. A specific advisory committee providing recommendations on how to adjust labour migration policies and opportunities based on labour market needs could help to depoliticise the system of labour migration and has been suggested by the ACVZ. However, it is still a political decision how much weight such a body would have over policymaking. Such a body would also need to be able to rapidly (e.g. on a quarterly basis) re-evaluate quotas and job descriptions, and be able to assist in guiding migration policy for it to be effective.



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