

Re-thinking approaches to labour migration

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



KEY MESSAGES

- Given the adverse demographic shifts characterised by a declining and ageing workforce, the attraction of foreign labour stands as a prospective measure anticipated to yield beneficial outcomes for both the Bulgarian labour market and its economic prosperity.
- Bulgarian legislation closely follows the EU migration acquis and there are no separate or parallel admission schemes or regimes in Bulgaria other than those prescribed by the EU legal migration law.
- Bulgaria is currently not taking part in the EU Talent Partnerships, mainly due to lack of administrative resources.
- The policy of attracting foreign labour has had a mixed success so far due mostly to the lower levels of remuneration offered by Bulgarian employers compared to Western Europe, as well as language and cultural factors. Retaining foreign workers is a key challenge and there is a need for further integration measures to address retention issues.

BACKGROUND AND CONTEXT

Bulgaria is undergoing profound changes in its society, economy, labour market and migratory trends. The demographic situation in Bulgaria has been in a serious crisis for nearly 30 years as one of the most rapidly ageing countries in the European Union. Following the fall of communism in 1989, Bulgaria saw waves of emigration of Bulgarian nationals abroad due to political instabilities. A substantial number of Bulgarians left the country in search of better economic opportunities and political freedom. As a result, **Bulgaria has one of the largest diasporas in Europe** and the world with 1,7 million Bulgarians living abroad of which over 800.000 living in other EU Member States (Prague Process n.d.).

At the same time, following the entry into the European Union in 2007, Bulgaria's economy and society has undergone a major transformation. Most recently, the labour market was characterised by a **historic low level of unemployment and increasing level of wages and standard of living** (EURES, 2023). Bulgaria's unemployment rate is lower than the EU average and in 2022, the employment rate was historically high at 75,7%. (Eurostat, 2023)

To tackle this problem, the government has launched a Demographic Development Strategy 2012–2030¹ which put forward measures to slow down and reverse the rate of decreasing population, to ensure high quality of human capital, education attainment level, abilities and skills. Given the present unfavourable demographic trends, immigration is expected to have a positive effect on the labour market and on economic growth (Ministry of Labour and Social Policy, 2023).

Although migration governance does not feature prominently in the new government's programme, there are indications that it is becoming a key issue of political discussion. In recent years, the shift from emigration to more immigration has required the development of immigration policies to manage this new inflow as well as find ways of integrating foreigners into Bulgarian society through dedicated integration policies.

CURRENT AND FUTURE LABOUR SHORTAGES

Bulgaria has undergone a significant economic transformation over the past three decades. It has moved from a highly centralised, planned economy during the communist era to an open, market-based, upper-middle-income economy. The accession to the EU raised expectations that living standards would rapidly rise and indeed, Bulgaria's reform momentum was robust and rapid.

At the same time, Bulgaria is confronted with structural challenges on the labour market, including a declining working-age population, unequal employment outcomes across population groups, regional disparities and a significant poverty risk in parts of society. Bulgaria is also affected by skill mismatches, particularly in some sectors, a high share of NEETs, as well as insufficient or low quality practical and vocational training and low levels of digital skills. (CEDEFOP 2020)

As much as 70,7% of employers in the country face difficulties in securing personnel. According to the Employment Agency, the Bulgarian labour market is in need of more than 200.000 workers and specialists with knowledge and skills across various professional fields and sectors. Some of the most needed professionals are in the processing industry, machine operators, as well as medium- and highly-skilled technical personnel. There is also a continuing shortage of medical professionals, nurses and doctors, as well as teachers in the education system. Transport companies specialised in land, sea and air transport are also in need of personnel (Employment Agency 2022).

According to the Ministry of Labour and Social Policy, the main sector where labour migration can satisfy shortages in Bulgaria is tourism, including in seaside and mountain resorts (seasonal migration). Employers have also indicated that they are looking for low-skilled workers from third countries in the animal husbandry industry as well as in construction and road transport (e.g. drivers).

¹ See <https://www.mlsp.government.bg/uploads/1/bg-ml-sp-national-demographic-strategy-summary-en.pdf>

LABOUR MIGRATION POLICY IN BULGARIA

Bulgaria can be described as moderately open concerning labour immigration balancing labour market needs for foreign workers with interests of the domestic labour force. **Prioritising attracting highly-skilled workers is a political decision aimed to attract and increase talent and human capital in Bulgaria and simultaneously to respond to the needs of the economy.** The policy of attracting foreign labour has had a mixed success so far due to a number of factors, notably the lower levels of remuneration offered by Bulgarian employers compared to Western Europe as well as language and cultural factors. According to observations from the Ministry of Labour and Social Policy, retaining foreign workers is a key challenge.²

Bulgarian legislation follows closely the EU migration acquis. The Law on Labour Migration and Labour Mobility (LLMLM) regulates the access to the labour market of citizens of third countries. (Law on Labour Migration and Labour Mobility 2023) Adopted in 2016, LLMLM compiled legislation related to labour migration and mobility of third-country nationals into one legal act. Beyond schemes to attract startups and investment, interviewees for this research noted that there are currently no specific innovative pilot schemes or programmes in Bulgaria on labour migration and mobility, according to interviewees mainly due to a lack of administrative resources and capacity to implement such projects.

Bulgaria does not apply any admission quota systems in specific sectors.

LEGAL LABOUR MIGRATION PATHWAYS

Single permit for employed workers

The main pathway for TCNs who want to be employed in Bulgaria with a Bulgarian employer is to apply for a single residence and work permit. This pathway is most relevant for lower- and medium-skilled TCN workers who do not qualify for any of the pathways for higher-skilled or higher-paid workers (Elan Consulting, N.d.). The single permit is valid for the duration of the contract and a maximum of one year, renewable for a maximum of up to three years.

The total number of single permits issued to third country nationals has gone up from 189 in 2015 to 2.831 in 2022. Most single permits have a validity for 12 months and more (2.709 of the 2.831 in 2022) but a few single permits are also of validity between 6 months and 12 months (113 in 2022) and few have a validity between 3 months and 6 months (9 in 2022).

The application process for the single work and residence permit involves a **labour market test** in the form of the employer having to advertise the job in local, national media and online platforms and prove that they have not been able to fill the position locally or with EEA/Swiss nationals after searching for at least 15 days. They also need to justify the necessity of hiring a third-country national. There can be exemptions from a labour market test for specific workers (specialists, guest professors, actors and performers or professional sportsmen amongst others). There are various criteria that TCNs must fulfil to qualify. They must have an employment contract and be on a Bulgarian payroll. Minimum salary requirements apply, determined by Bulgarian authorities. The education or professional experience must be relevant to the envisaged position.

Residence permit for carrying out entrepreneurial activities

There is a pathway for TCNs investing in Bulgaria and starting a business. They can acquire a residence permit by forming a limited liability company that hires at least 10 Bulgarians. Compared to the pathway for representatives of foreign companies, which is more suitable for smaller business owners who want to open a representative office, this pathway is more for TCN entrepreneurial investors who invest but in Bulgaria.

Self-employed and freelancers

TCN freelancers will need to receive a licence from the Bulgarian Ministry of Labour and Social policy for which they need to apply describing their activity and submitting an action plan for the entire period for which they aim to practise in Bulgaria. This must include a clear definition of business objectives, information about the current state of the economic environment, market identification, financial justification and a description of the opportunities for achieving results amongst others. The applicant must have at least 2 years of professional experience and show availability of funds for the implementation of the action plan. They also must have language

² Interview with representative of Ministry of Labour and Social Policy

proficiency of B1 level or higher. For those aiming to practise in regulated professions they need to fulfil all conditions to do so (Bulgarian Expert, N.d.c). Spouses and children can join the TCN with this permit type.

Not many people seem to make use of the permit for freelancers. According to media reports, between January and November 2023, 7 TCNs have come to Bulgaria as freelancers.

Seasonal workers

Section IV of the Law on Labour Migration and Labour Mobility (Articles 24–30) regulates the access of seasonal workers to the labour market, transposing the Seasonal workers Directive. In 2017, the Minister of Labour and Social Policy approved a list of the economic sectors and activities that are eligible for a seasonal work permit including agriculture, forestry and, fisheries and hospitality (Ministry of Labour and Social Policy 2017).

The maximum period of validity for seasonal work permit is 9 months within any 12-month period. The permit can be extended once within the period of 9 months if the employment contract continues with the same employer or if the employer changes. In 2022, 4,679 authorisations for the purpose of seasonal work permits for seasonal employment of up to 9 months for foreigners – "Seasonal Worker Permit" were granted. The top nationality was Kyrgyzstan (1,357), followed by Türkiye (847) and Moldova (589) (Eurostat).

The importance of attracting seasonal workers from abroad has increased sharply over the past years after a series of legislative adjustments that aimed to ease cumbersome procedures. For example, the processing times for their visa request, time period in which the candidates have to wait for an answer whether they will be issued a visa, was shortened from 35 to 15 days. This indicates that opportunities are sought to alleviate the requirements for hiring seasonal workers.

Highly-skilled employment (EU Blue Card)

The recast EU Blue Card Directive was transposed into Bulgarian legislation in January 2023. The law envisaged the possibility to obtain a 5-year period residence and work permit for the purposes of highly-qualified employment. It was also proposed to reduce the decision-making time period for the issuance of an EU Blue Card in order to attract third-country workers.

To qualify for the EU Blue Card in Bulgaria, TCNs must have either a higher education qualification attested by a diploma, certificate or other official document issued by a competent authority after studies of a duration of no less than three academic years (for IT workers the duration can also be shorter). TCNs must have specialised knowledge, skills and experience required for the job in question. For a list of posts approved by order of the Minister of Labour and Social Policy, knowledge, skills and competences in the form of professional experience also qualifies if it is at a level comparable to higher education. If positions are not on the list, then five years professional experience at a level comparable to higher education and relevant to the position envisaged is also considered.

The gross salary must be at least 1,5 times the average salary in Bulgaria (based on data published by the National Statistical institute). The duration of the contract has to be a minimum of 6 months.

Attracting highly-skilled workers from third countries is one of the priorities in the National Strategy on Migration. The number of EU Blue Cards issued has increased gradually over time. In 2022, 922 third-country nationals were granted permission to access the labour market through the EU Blue Card as highly-qualified professionals. Mostly, EU Blue Card holders were employed in the trade; automotive and motorcycle repair, construction and manufacturing sectors.

Intra-corporate transfers

Section V of the Law on Labour Migration and Labour Mobility (Articles 31–35) regulates the access of ICTs to the labour market, transposing the ICT Directive. The number of persons authorised to access the Bulgarian labour market under the so-called Intra-Corporate Transfer (ICT) permit in 2022 was 124 (EMN 2022).

After the issuance of positive opinions by the competent authorities and the notification by the employer to the foreigner, a long-stay visa D is issued. To qualify the TCN must be a manager, specialist or trainee. Trainees must have a bachelor's level degree and managers and specialists need to have relevant professional experience and qualifications for the job. They must have worked for the company at least 12 months prior to assignment to Bulgaria if they are managers or specialists, and at least 6 months if they are a trainee. Minimum salary requirements apply. The validity period is up to 3 years for specialists and

managers and up to 1 year for trainees. It can take up to 12 weeks to receive such a permit. Spouses and children under 18 years can join a TCN with an ICT permit (UK Department for Business and Trade, 2021).

Startup visa

Amendments to the Law on Foreigners entered into force in March 2021. For the first time in Bulgaria, a long-term residence permit may be obtained by foreigners who hold a 60-days validity visa and have a certificate for a high-tech and/or innovative project, the so-called "Startup Visa". The introduction of the new "Startup Visa" residence permit aims to enable the development of new innovative projects.

Researcher

To qualify for the research work permit, a TCN must have an employment offer from a recognised research institution in Bulgaria in the form of a hosting agreement (e.g. to work on a research project under the provision of the Bulgarian Scientific Research Promotion Act). Applicants must also have at least a master's degree to qualify. This permit can take up to 12 weeks to get and can be valid for the term of the hosting agreement. It can also be extended and can lead to permanent residence if criteria are met.

Volunteer

The residence and work permit for volunteers is for TCNs who come to Bulgaria for volunteer work and is valid for up to one year. TCNs who aim to volunteer can enter with a relevant visa and then turn their visa into a residence permit for the purpose of volunteer work.

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

There is a potential to further develop mobility pathways and schemes in Bulgaria: either through expanding national regimes for access to the labour market or through new bilateral agreements with third countries. A key obstacle at present seems to be the lack of personnel at governmental level and capacity to implement new policies, schemes and activities. There are indications from the government that attracting and retaining foreign workers is

a priority. Bulgarian employers should also actively be encouraged to partake in these policies in terms of identifying priority categories and target countries for the attraction and retention of foreign labour. A specific challenge is the retention of workers since they tend to leave after a period of time spent in Bulgaria, mainly to Western Europe. This is due to lower levels of remuneration and cultural and language differences. The government has already committed to reduce administrative burden for admission procedures, identify good practices and simplify residence and work procedures, reviewing conditions and residence for TCNs, improving access to information regarding work opportunities and implementing control and prevention of illegal employment as part of its strategy. These measures can help to ensure that delays, bureaucratic hurdles do not discourage potential workers from coming to Bulgaria. A number of other elements can support the improvement of Bulgaria's labour migration system.

Improve Bulgaria's attractiveness to foreign talent

Bulgaria would benefit from reforming its existing pathways for TCN labour migrants rather than introducing entirely new pathways. The current system has mechanisms in place, but issues such as administrative complexity, slow processing times, and limited access to information are hindering the effective integration of foreign workers into the Bulgarian labour market. There is potential to further develop mobility pathways and schemes in Bulgaria - both through expanding national regimes for access to the labour market and through new bilateral agreements with third countries. Simplifying residence and work permit procedures, improving communication, and offering more flexible conditions for seasonal and long-term workers could make a significant impact.

Bulgaria has proactively worked to simplify entry and stay conditions for foreign labour, including as part of the EU legal migration acquis, for example with the adoption of the single permit. A key challenge is to improve Bulgaria's overall economic attractiveness to foreign workers and to create a more welcoming environment for foreign labour (in terms of introducing more programmes, initiatives and measures to integrate migrants) and respective services. As a former country from the Soviet union, cultural and language factors also play a key role in the attractiveness and retention of workers in a globalised world.

Capacity development in labour migration initiatives

Policymakers could prioritise fostering partnerships with countries – aligned with Bulgaria's labour market needs and cultural ties. Bulgaria could then prioritise forming and building on the existing partnerships with countries from the former Soviet bloc, such as Albania, Armenia, Azerbaijan, Georgia, Kyrgyzstan, Kazakhstan, Moldova, Turkmenistan, and Uzbekistan, which offer potential for skilled labour migration and stronger cultural connections with Bulgaria. Additionally, addressing the capacity constraints faced by state institutions is crucial for enhancing Bulgaria's participation in European initiatives like the proposed EU Talent Pool and EU Talent Partnerships. To this end, Bulgaria could closely monitor and learn from the feedback and outcomes of initial EU Talent Partnership projects implemented by other Member States. By strengthening institutional capacity and focusing on partnerships with countries offering skilled labour, Bulgaria can better leverage European initiatives to address its labour migration challenges effectively.

Implement bilateral labour migration agreements

Bulgaria has signed bilateral agreements on labour mobility with Armenia, Moldova and Georgia. However, only the bilateral agreement with Moldova is currently enforced. According to interviews with the Ministry of Labour and Social Policy, the lack of implementation is due to administrative issues and lack of interest as well as low priority for the partner countries. Bulgaria could put increased focus on enhancing diplomatic engagement with Armenia and Georgia to increase the priority of these agreements. This could involve offering technical support to streamline implementation processes, as well as incentivizing labour mobility by highlighting the benefits of workforce exchange programs. Additionally, Bulgaria could improve outreach efforts by promoting the agreements' advantages for both foreign workers and employers, ensuring that the labour mobility agreements align with each partner country's economic and labour market needs.

Address capacity challenges in the Bulgarian administration

A key obstacle at present is the lack of personnel at the governmental level and capacity to implement new policies, schemes and activities. The government could usefully invest in capacity-building programs to train public administration staff on migration management and the implementation of new labour schemes. The government could also create specialised task forces within the administration to focus specifically on foreign worker integration and streamline processes for attracting talent.

Boost participation of Bulgarian return migrants

Beyond focusing on TCNs, boosting the participation of returning migrants in Bulgaria's labour market can offer a significant opportunity to address workforce gaps while harnessing the enhanced skills and experience gained abroad. To achieve this, Bulgaria could implement programs that provide targeted incentives for returning migrants to reintegrate into the workforce. These could include tax breaks, training programs, and job placement services that align with the skills acquired overseas. This approach could help returning migrants feel more connected to their home country, reinforcing long-term economic growth and social cohesion.



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