

Policy Position

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Why the EU needs a re-think on labour migration

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Labour shortages are affecting member states across the EU, with the average EU job vacancy rate doubling between 2012 and 2022. These labour shortages may cause the EU's most severe migration crisis yet, putting common EU objectives such as the green and industrial transitions at risk. In order to combat labour shortages and create a migration system fit for the future, the EU must focus on simplifying and harmonising its legal framework on labour migration, expanding migration opportunities to low- and medium-skilled workers, and aligning migration legislation with other policy objectives.

The EU is facing its most severe migration crisis yet. One that has the potential to fundamentally change the continent's fate. But we are not talking about the record number of Ukrainian refugees, nor about rising asylum applications from other countries. Instead, we are talking about a lack of qualified immigration to the EU.

Across the EU, member states are struggling with labour shortages. Over the past decade, the average EU job vacancy rate has doubled from 1.4% in 2012 to 2.8% in 2022. The rate measures the share of unfilled vacancies in relation to the total number of occupied posts and job vacancies. Some EU countries are especially hard hit. In Austria, the rate increased from 1.5% in 2012 to 4.6% in 2022. Similarly high numbers were registered in Belgium, the Netherlands, the Czech Republic and Germany. In Portugal, the job vacancy rate has increased fivefold, from just 0.3% in 2012 to 1.5% in 2022.

A closer look at the type of shortage occupations identified by member states reveals that they risk the attainment of common EU objectives. A survey by the European Labour Authority (ELA) found that both the construction sector as well as STEM occupations are characterised by severe shortages in several EU countries. Both sectors are vital for the EU's industrial strategy that aims at steering member states through the twin

green and digital transitions of their economies. To that end, the Commission expects that just as part of its “renovation wave” some 160.000 additional jobs could be created in the construction sector. It also estimated that despite increasing employment in the sector, the EU might lack around 20 million IT experts by 2030. If left unaddressed, such shortages might therefore jeopardise common EU policy objectives.

However, current EU rules on labour migration are inapt to meet the challenge. Three shortcomings are particularly problematic. First, the EU’s legislative framework on labour migration for third country nationals is highly fragmented and detached from other policy objectives. Member states’ hesitance to delegate competences to EU level has led the Commission to pursue a sectoral approach to harmonise criteria for entry and stay as well as the rights of labour migrants. This implies that different categories of migrant workers are regulated by different directives. Consequently, some types of labour migration – highly skilled, intra-corporate transfers and seasonal work – is governed by common EU rules. Others, such as lower- and medium skilled migration is left unaddressed and separately regulated through national legislation. Yet, current labour shortages in the construction sector, as well as in professions related to the service sector, show that the EU needs exactly these lower- and medium skilled workers to achieve the objectives of the green transition.

Second, EU rules are overly complex. They explicitly grant member states the possibility to establish their own, more favourable legislation. Moreover, several Directives include so-called “may” clauses that grant member states considerable leeway in implementation. As a result, national schemes often operate in parallel to EU legislation thus adding to the framework’s incoherence. Third, member states simply do not use the current patchwork of EU labour migration rules. Out of the 28.900 EU Blue Cards registered in 2021, some 19.500 were issued by Germany. The only two other member states that issued a sizeable number of Blue Cards were France (1.290) and Poland (2.900). The other 24 EU countries merely issued a combined 5.200 Blue Cards. A similar picture emerges with regard to other EU legislation. In 2021 for example, 70% of EU Single Permits, which streamline procedures for work and residence permits, were issued by only four EU countries (France, Italy, Spain and Portugal).

Rather than relying on EU legislation to address soaring labour shortages, member states are revising their own labour migration policies. Germany recently adopted a major reform of its immigration system. Other EU countries are equally adjusting their rules to become more attractive to foreign workers and have gradually entered an intra-European race to attract much-needed foreign workers. Indeed, it does make sense for member states to regulate labour migration at the national level as this gives governments more flexibility when responding to the different needs of domestic labour markets. Moreover, deciding who may enter a country’s territory is an important source of national sovereignty.

Yet, with common EU objectives on the line, the EU’s labour migration policy is in need of a serious rethink. Despite member states’ scepticism, there is urgent need for better EU level cooperation in light of structural labour shortages across all EU member states. To address this “migration crisis” more strategically, it is necessary to identify the areas in which the EU is in a better position when operating as a single entity.

Attracting foreign workers is a case in point. The EU’s labour market as a whole is more attractive than individual national labour markets. Research [suggests](#) that large labour markets are more attractive to foreign workers than smaller ones as they offer more employment opportunities. This in return allows migrants to better match their qualifications with a suitable placement and can also help migrants to avoid working in underqualified occupations. Obstacles like language barriers naturally undermine the

EU's ability to operate as a unified labour market. In order to be in a better position to compete with other destinations and leverage the employment opportunities that come with a common European labour market, the EU must hence work towards reducing the barriers that are avoidable. The most relevant aspect in this regard is the intra-EU mobility of migrant workers from third countries.

Aligning labour migration rules with other policy objectives is another example of a potential EU added value. The EU's industrial policy threatens to fall short of its objectives if structural labour shortages in key sectors continue to persist. There is thus a need to integrate a labour migration component to the EU's industrial policy. This requires better coordination between the specific labour market needs arising from the goals of the green and digital transitions on the one side, and the EU's legal migration *acquis* on the other.

The EU's development cooperation with third countries would equally benefit from better coordination with labour migration policies. Just as the EU, third countries need skilled workers for economic development and mastering the green transition. Hence there is an obligation on the part of the EU to devise and establish non-exploitive migration partnerships that avoid brain drain in countries of origin. At a time when the EU is increasingly reliant on countries from the Global South to sustain its geopolitical isolation of Russia and compete with Chinese influence, offering third countries a mutually beneficial partnership is more important than ever. The envisioned EU Talent Partnerships that combine training for origin country and European labour markets provide a positive framework to that end but need to be scaled up considerably to make real impact. Transitioning them out of the pilot phase requires bringing together multiple actors in both the participating EU member state and the sending country, including responsible ministries, employment agencies and the private sector. Here the EU involvement can be beneficial specifically through providing funding and facilitating networking between the partners involved.

Hence there is added value of further EU cooperation on labour migration. The question is, how to make the best use of it? In a first step, it makes sense for the EU to expand the current sectoral approach with designated legislation tailored to helping achieve common Union objectives. Such legislation should specifically address the need to fill vacancies in sectors relevant to the EU's green and digital transitions. The recently concluded revision of the EU Blue Card Directive is a positive step in that direction. Lower and more flexible eligibility thresholds, for example, widen its scope and make it more accessible. Moreover, the European Parliament's proposal for a revised Long-term Residence Permit would make it easier for migrants to apply by reducing the eligibility period and would improve intra-EU mobility through a portable visa status. Yet, the Blue Card remains accessible only to highly skilled migrants. As shown by shortage occupations in the construction and service sector, member states' skills needs are however more diverse. That is why the EU should focus on creating pathways for lower- and medium skilled migrants.

Another objective of better EU cooperation on labour migration should be to increase the intra-EU mobility of migrant workers. To that end, it is essential to bring the mobility rights of migrant workers from outside the EU in line with those of EU nationals. Currently, migrant workers are granted full intra-EU mobility only through naturalisation. Yet, the criteria for naturalisation usually require migrants to settle and integrate, which in return undermines their willingness to relocate to another member state for work. Lowering the threshold for naturalisation or granting full and unconditional mobility to migrant workers without having to qualify for naturalisation is likely to increase mobility and thus may enhance the EU's attractiveness. Moreover, improving the transferability and verification of documents, as well as setting ceilings on administrative fees to make application procedures more accessible can facilitate migrant's ability to move between EU countries.

As a second step, the EU should consider revitalising the idea of a common EU immigration code. The proposal for such a code was brought up by the [Commission](#) in 2010 and aimed at consolidating existing legislation into a single text. The idea of having a common immigration code was to combine all existing EU-level legal instruments and regulations covering labour migration with a view to eliminate their inconsistencies, enhance their clarity, simplify them and raise rights standards. This would imply an eventual abandonment of the sectoral approach and would instead create a single legal reference for third country nationals regardless of their skills status. The idea has not gained political traction since it was put forward in 2010. And member states' reluctance to concede competence still renders this a longer-term approach. But as labour shortages make the need to revise immigration policies more apparent across EU countries, it is worth considering what a vision for the EU's future labour migration framework could look like.

At the time, EU member states are still grappling with the remnants of the last “migration crisis” which has dominated migration politics since 2015. But ambitions to conclude a reform of the Common European Asylum System (CEAS) by the end of this legislative term provide an ideal opportunity to shift the focus. Moving forward, the EU must not be paralysed by the prospect of another (labour) migration crisis, but address it front footed.



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