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Labour Migration to Germany – Background and Current Perspectives

Results from the German EMN-Study
„Satisfying Labour Demand through Migration“

Austrian National EMN Conference
„Labour Migration and its Challenges in the EU –
Perspectives in the EU Member States“
Vienna, Sept. 21, 2010.



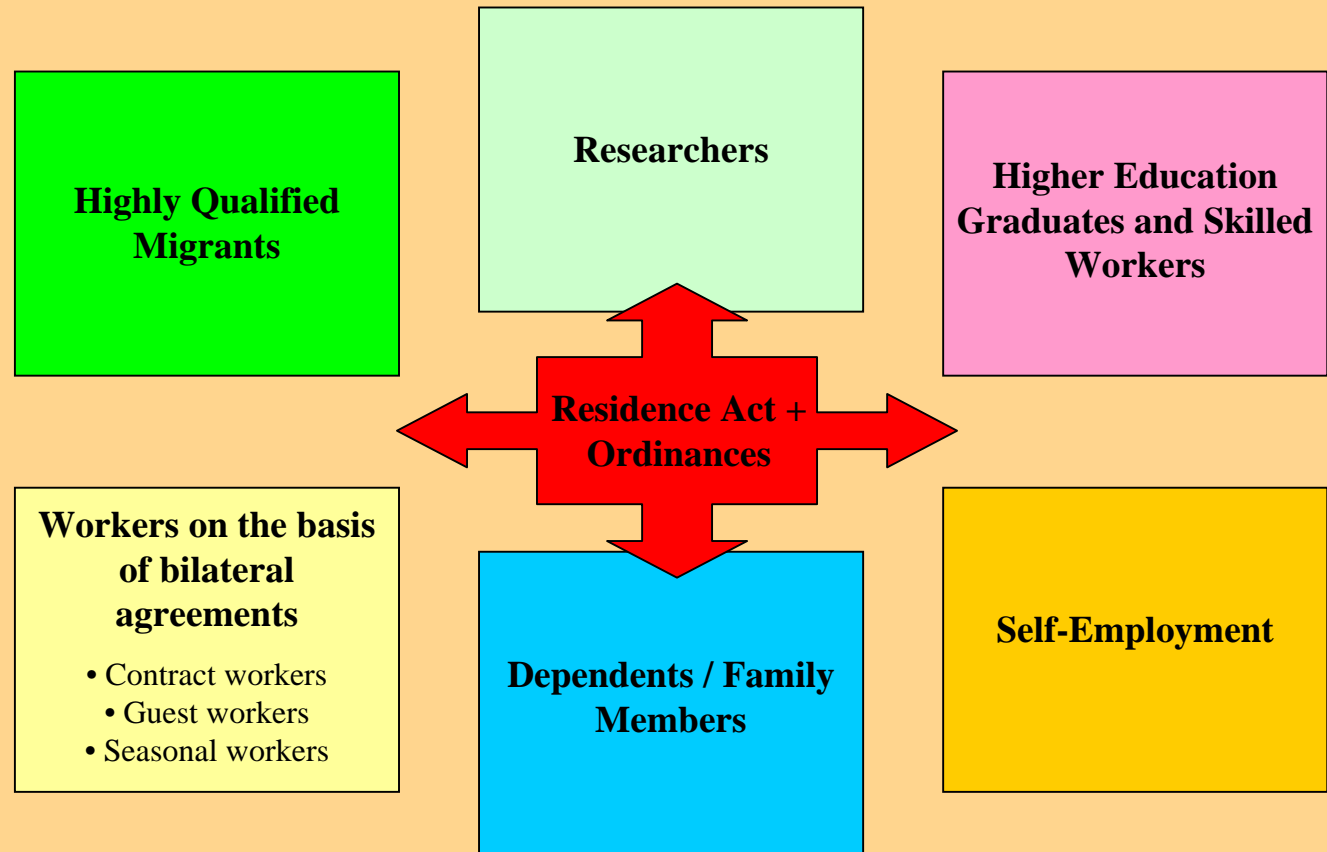
Background (1): Labour Migration in the Guestworker Period

- “Economic miracle” of the 1950s
 - Demand for unskilled or semi-skilled labour; could not be met by domestic labour supply
 - Recruitment agreements with Italy (1955), Spain and Greece (1960), Turkey (1961), Morocco (1963), Portugal (1964), Tunisia (1965) and Yugoslavia (1968)
 - In 1960, 1.3 % of the workforce were foreigners. This percentage had risen up to 11.9 percent by 1973
 - Ad hoc migration control (Federal government, labour administration, industry and trade unions)
 - Oil price shock of 1973 and end of economic growth
- **“recruitment ban”**

Background (2): Return Migration and Continuous Labour Migration

- “Act on Promoting the Return of Foreign Nationals” of 1983
- Despite recruitment ban and growing overall unemployment: Partial Labour shortages
- Certain occupations exempt from recruitment ban
- Foreign policy considerations: Agreements on temporary employment of workers from Central / Eastern European countries
- Immigration Act 2004/2005: more regulated management of labour migration
- Recruitment and admission “geared to the requirements of the German economy, according due consideration to the situation on the labour market and the need to combat unemployment effectively”

Status quo (1): Important categories of labour migration



Status quo (2): Employment Data

Table 1: Gainful employment in Germany (Eurostat 2009-Data)

Gainfully employed persons (total)	38,365,000	100.0 %
Third-country nationals	1,937,000	5.0 %
EU-14 nationals	1,030,000	2.7 %
EU-10 nationals	313,000	0.8 %
EU-2 nationals	75,000	0.2 %



Status quo (3): Employment Data

Table 2: Gainfully employed Third-country nationals by occupational level (German Microcensus 2009-Data)

Highly qualified	454,000	23.4 %
Skilled	1,054,000	54.4 %
Low-skilled	389,000	20.1 %
Total	1,937,000	100.0 %

BUT: Third-country nationals account for only **2.8 % of all highly qualified**, **5.7 % of all Skilled**, and **12.1 % of all low or unskilled** in the total population

Status quo (4): Vacancies as Indicator for Labour Shortages?

- **Employment Statistics** by the Federal Employment Agency
 - no general trend towards labour demand, but decline in vacancies (2009 to 2008 : **-15 %**; 2009 to 2007: **-22 %**)
 - Exceptions: education & training (**+15 %**), nursing & resid. homes (**+8 %**), social work (**+4 %**), healthcare (**+9 %**)
 - not representative; low registration rates

- **National Survey on the Aggregate Supply of Labour** (Institute for Employment Research and Eurostat)
 - similar general downward trend in most economic sectors
 - Top-5 vacancies to be filled immediately (1st quart. 2010):
 1. corporate management consulting & controlling (**57.000 openings**)
 2. auditors and IT specialists (**44.000**)
 3. unskilled workers; no detailed job description (**38.000**)
 4. office jobs & clerks (**38.000**)
 5. engineers (**37.000**)

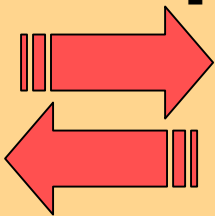
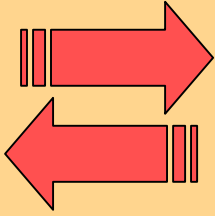


Current developments (1): How to measure shortages, determine demand?

- **Employers' Associations, Industry and Economic Institutes raise concern:**
 - Current and intermediate demand for specialists in the “MINT” occupations
 - 50 % of businesses in Industry & Construction, Trade, and Services expect shortages of specialists and skilled workers over next five years
 - Scenario 2030: Labour Shortages of 5.2 million workers

- **Consensus: Models & projections on shortages & demand imply caveats; cautious assessments only!**
 - Short-term, cyclical approaches or medium-/long-term prognoses including demographic factors?
 - Immigration is only **one** starting point

Current developments (2): Political debate on immigration

- Shortages of skilled workers cannot be met through immigration from “other cultural backgrounds”

- Need to facilitate migration of skilled workers to Germany
- Introduce points-based system Canadian-style to attract young and well educated migrants, irrespective of occupation

- Develop tools and procedures to secure skill-base and for ad hoc management of labour migration
→ Alliance for Labour
→ Task Force “Skilled Workers of the Future”



Current developments (3): Priorities and courses of action

- Meeting demand for skilled workers in Germany by
 - increasing advanced training of domestic workforce
 - increasing labour-force participation rate of women and older persons
 - upgrading skills levels of resident migrant population
 - improving “labour matching” procedures
 - recognising vocational qualifications acquired abroad
- Evaluating recent changes in labour migration control policy
- Awaiting sunset of transitional restrictions in EU free movement in 2011
- Developing monitoring systems on the current medium and longer-term demand for labour by occupations and regions

Conclusions and Perspectives

- Rather small window of opportunity for substantial legislative changes
- Immigration / Integration as „intractable policy controversies“; potential for populist rallying
- New Labour migration potentials in EU-10
- Reform of Foreigners Law currently underway
- New Law on Foreign Qualifications: clear and standardised criteria
- enhancing Germany’s attractiveness for potential immigrants

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