

EMN INFORM

Determining labour shortages and the need for migration labour from third countries in the EU

1. INTRODUCTION

This EMN Inform presents the main findings of the EMN Study *Determining labour shortages and the need for migration labour from third countries in the EU* published in November 2015. The Study was based on contributions from EMN National Contact Points in 25 Member States¹, collected via common specifications. The key findings are set out below.

2. KEY POINTS TO NOTE

- ★ Shortages of workers with relevant qualifications have become **a major challenge affecting European competitiveness**. In the context of rapid technological change, Europe's declining population and ageing workforce mean that labour shortages are expected to increase in the future.
- ★ To promptly respond to this challenge, it is particularly important to anticipate labour market needs by carrying out labour market analyses, aimed at determining shortages and at monitoring labour market developments. On the basis of such analyses, **managing labour migration**, according to the economic needs, is a way to respond to such challenges.
- ★ The present study analyses (i) the role of labour migration as a channel to overcome labour shortages; (ii) the variety of instruments used to identify and monitor labour shortages at EU and national level (such as employer surveys, forecasts and qualitative studies), and (iii) the extent to which

these instruments are used in designing labour migration policy at national level.

- ★ Efforts at Union-level to attract (skilled) workers from third countries have had a limited impact so far, in part because of the recent nature of several EU legislative instruments (e.g. Directives on seasonal workers, ICTs and students and researchers) but also because of the limited application of the EU's Blue Card Directive. Furthermore, whilst a number of instruments are in place at EU level to identify and forecast labour shortages across Member States, such as skills forecasts, employer surveys and ad-hoc studies, these instruments do not specifically consider whether migration can be used to satisfy labour shortages.
- ★ Most Member States view migration as part of a wider strategy to address labour shortages. However, they differ in the relative importance that they give to labour migration in comparison to other measures, such as market activation of the current resident population and reforming education and training opportunities. Furthermore, concerns about competition with local workers are voiced in public and policy debates at national level, and may act as a barrier for Member States to take an active role in managing labour migration on an economic basis.
- ★ Two approaches have been identified to linking economic migration to labour market shortages: **a supply-centred 'human capital' approach**, where admission frameworks are adjusted in order

¹ Austria, Belgium, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands,

Poland, Portugal, Slovenia, Slovak Republic, Spain, Sweden, United Kingdom.

to attract migrants with characteristics that will place them in a favourable position for labour market insertion; and **a demand-centred approach**, that involves granting accelerated or simplified admission to migrants seeking employment in previously identified shortage occupations. In practice, the two models often interact.

- ★ In countries where the human capital model has been adopted facilitating highly-skilled labour migration is not seen as a tool for addressing labour shortages but rather as an instrument for encouraging innovation and the move toward a 'knowledge economy'. In these Member States attracting and granting entry to highly-skilled migrants from third-countries is a key policy priority, without migration policy referring to particular shortage occupations.
- ★ In line with the demand driven model, which aims at satisfying demand for particular occupations, Member States have adopted a variety of policy measures to adjust/modify their labour migration policies in light of labour market shortages. These include exemptions from labour market tests (AT, BE, CY, DE, EE, ES, FI, FR, HR, IE, PL); exemptions from quotas (HR, IT); access to a points-based system (AT); reduced minimum income threshold requirements (EE, EL, IE, LV, NL, UK); facilitating access to certain groups already in the country, such as students (DE, LT, FR) and asylum seekers (SE); and more favourable conditions for family reunification (e.g. IE).
- ★ In most Member States, a range of stakeholders are involved in the process of formulating labour migration policy or in adjusting it to help address labour market needs. The involvement of stakeholders may take place in formal consultative structures or on an ad-hoc basis.
- ★ Identifying labour market shortages is a practice that is common to the vast majority of Member States and **a wide range of methodologies** are used, including taking stock of the number of unfilled vacancies, surveys, sector analysis and qualitative studies. The vast majority of Member States identify current shortages, while forecasting future labour shortages is used to a lesser extent.
- ★ Member States differ in their **definition of labour shortages**; for example, this may take into account sectors or occupation/professional groups, qualification and/or skill levels, the employment type, the duration and the severity of the shortage. Moreover, the analysis can be at the national or sub-national level, and can distinguish by frequency, timeframe and causes.
- ★ **Shortage occupation lists** are produced in twenty-one Member States. A number of stakeholders can be involved in the drafting of the

shortage lists, and include social partners, different ministries, state agencies and possibly other multi-partite organisations and labour or migration experts.

- ★ With regard to the use of shortage lists, three typologies can be identified. In eight Member States that identify shortage professions in specific lists, these are not used in the design of labour migration policies, but rather to put forward activation measures. Two Member States do not develop shortage lists with the explicit purpose of determining labour migration, but make use of such lists for some specific aspects of their migration policy. Finally, ten Member States develop shortage lists as an explicit instrument for determining the admission of third countries workers.
- ★ Most Member States monitor labour migration in general; however, only a few monitor the impact of migration on shortage occupations, and some do so only to a limited extent or on an ad-hoc basis. Only five Member States reported to have comprehensive measures in place to assess the impact of migration on labour shortages. The monitoring of intra-EU mobility of EU nationals is very limited and no Member State appears to monitor the mobility of third country nationals at all.

What is the scale and nature of unfilled vacancies in the EU?

Twelve Member States provided statistics in the context of this study on **unfilled vacancies** across six preselected sectors (teaching, ICT, skilled agricultural, forestry and fishery, personal service, personal care and health). Comparisons between Member States on the basis of these statistics should be treated with caution, since the statistics were provided for different years and were collected on the basis of different methodologies. Nevertheless, the statistics suggest that the scale of unfilled vacancies in the EU is significant, even considering only six pre-selected sectors. Furthermore, highly-skilled occupations are not the only ones experiencing labour shortages – medium-skilled and low-skilled occupations, including home-based personal care workers, cooks, waiters and cleaners, are also in demand.

Most of the eight Member States that provided statistics on Top 15 professionals included in LSOs report medium-skilled professions as the top three professions in shortage lists (Table 1 below, which summarises the information collected in Annex 4 of the Synthesis Report).

Table 1: Top three shortage professions (based on ISCO-08 occupations)

MS	Year	1	2	3
AT	2015	Metal working machine tool setters and operators	(Asphalt) Roofers	Metal working machine tool setters and operators – Milling machinists
HR	2015	Livestock farm labourer	Field crop and vegetable growers	Fitness and recreation instructors and program leaders
CZ	2014	Crop farm labourers	Heavy truck and lorry drivers	Security guards
EE	2013	Drivers and mobile plant operators	Business and administration associate professionals	Production and specialized services manager
FI	2014	Contact centre salespersons	Specialist medical practitioners	Dentists
HU	2014	Mining and Quarrying Labourers	Assemblers	Mechanical Machinery Assemblers
LV	2014	Software developers	ICT	Film, stage and related directors and producers
PT	2014	Sewing machine operators	Waiters	Commercial sales representatives

What is the EU labour migration legislative framework? Which instruments are in place at EU level to analyse labour shortages?

Currently, four **Directives** are in force to regulate labour migration; however, the impact of the Directives is considered limited, either because the Directives have been adopted very recently (Seasonal Workers Directive (2014/36/EU) and Intra-Corporate Transferees Directive (2014/66/EU) both adopted in 2014), or because problems have been identified in relation to their implementation (Blue Card Directive (2009/50/EC), Researchers Directive (2005/71/EC)).

A number of instruments have been developed at the EU level to **monitor and forecast labour shortages** across Member States, for instance the European Employment Observatory, forecast by the European Centre for the Development of Vocational Training (Cedefop), European Vacancy Monitor, EU Skills Panorama, and the EU Labour Force Survey. However, these instruments rely on the aggregation of data provided by national bodies. The instruments also do not specifically consider whether migration can be used to satisfy labour shortages.

Is there a typology of labour migration policy across Member States?

Most Member States participating in the study view **migration as a potential source of labour**, however their approaches differ in two respects: in the instruments they use to facilitate the matching of migrants to shortage occupations, and in the relative importance of migration compared to other labour activation strategies. Some countries do not play an active role in trying to

match migrants to pre-defined shortage occupations, preferring to leave the admission of labour migrants to labour market forces, in particular, to individual employers. A clear example of this approach is Sweden, where employers have the right to recruit third-country nationals to fill vacancies if they cannot find suitable Swedish or European Union (EU) workers.

However, most countries do endeavour to match the supply of foreign labour with labour demand, although sometimes the efforts are limited to trying to attract specific sub-groups of workers (e.g. seasonal workers).

Some Member States have designed specific policies to attract highly skilled migrants; however, these policies are often not seen as a strategy to address labour shortages, but rather as part of a strategy for increasing competitiveness, to encourage innovation and the move towards a more 'knowledge-based' economy.

In most Member States, the **public debate** over labour migration involves a plurality of stakeholders. Generally, concerns are voiced about competition between labour migrants and the local workforce, and about the difficulties involved in estimating the labour demand.

Which instruments are in place to detect labour shortages in Member States?

Whilst most Member States have systems in place to monitor current labour shortages, only eleven endeavour to forecast future shortages.

Most countries do not have a legal **definition of 'shortage'**; however, in practice shortages are mainly defined in terms of sectors or occupation/professional groups, and/or by qualification and/or skill levels. Some countries include also the employment type in the definition (e.g. seasonal), the shortage duration and the degree of severity of the shortage. The shortage can be analysed at the national level (this is the case for eight Member States), or it can include the regional and sub-regional level (this is the case for eleven Member States). Other characteristics that may be taken into account to define labour shortages are the time frame (whether shortages are long- or short-term), the frequency (whether they are cyclical or structural) and the causes.

To measure labour shortages, Member States employ different **methodologies**, which could be used jointly or in isolation. In most cases, however, they are not geared at forecasting future needs:

- ★ Some Member States take stock of the number of vacancies that stay unfilled after a period of official registration at PES.
- ★ Most Member States survey employers on their recruitment needs, by phone interviews or by written questionnaires, and employ different sampling methods.
- ★ Also sector analyses are widely carried out,

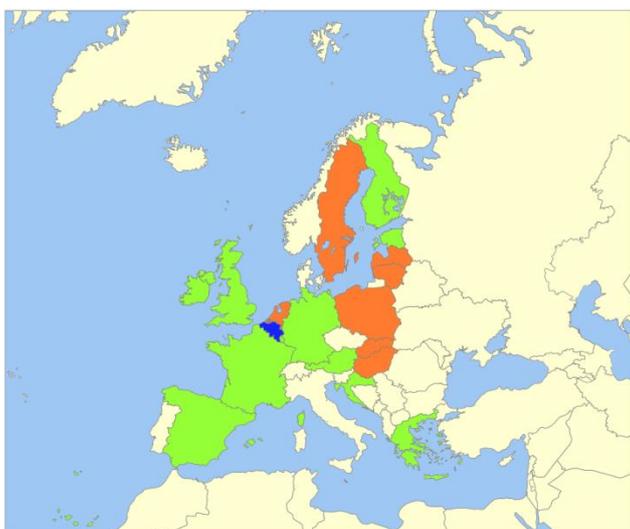
although in most countries they do not serve the purpose of determining migration needs.

- ★ Forecast analysis is carried out in nineteen Member States to anticipate labour migration needs.
- ★ Finally, qualitative studies are also employed in a number of countries.

Following the identification of labour shortages, most Member States draft **shortage lists**. The frequency with which the lists are updated varies from every three months to every three years. The lists try to take into account both supply and demand side considerations.

As indicated in Figure 1 below, Member States make different use of shortage lists. Some compile shortage occupation lists but do not link them to labour migration (in orange in the map); some develop shortages lists for purposes other than labour migration, but use them to develop some aspects of their labour migration policy (in blue in the map); finally, some Member States develop shortage lists with the explicit purpose of determining the admission of labour migrants (green in the map).

Figure 1: The use of shortage lists in Member States in relation to labour migration



Most Member States involve a variety of **stakeholders** in the process of identifying labour shortages, either through formal consultative structures, or on an ad-hoc basis. Stakeholders always include social partners; however, other multi-partite organisations and labour and migration experts can also be involved.

With regard to the **challenges** of forecasting labour shortages, most countries highlighted methodological difficulties in forecasting the development of the labour market.

To what extent are shortage lists used to determine labour migration?

Most Member States have established a more favourable regulatory framework for labour migrants applying to work in a profession listed as a shortage occupation. Exemptions from the labour market test or from the quota regime are commonly envisaged; the salary threshold that these workers have to meet is also often lower than for the other professions.

Labour migrants applying to work in shortage occupations are more likely to be admitted in certain Member States because they are able to earn more points (in cases where points-based selection is in place), or because bi-lateral agreements for recruitment of workers in specific occupations have been adopted with third-countries.

Certain Member States make access to the labour market easier for non-economic migrants (students, refugees, tolerated persons) if the occupations concerned are on a shortage list. Other rights are also sometimes granted to migrants in shortage occupations, such as immediate family reunification or temporary regularisations.

To what extent is the outcome of labour migration monitored in relation to labour shortages?

Only a few Member States monitor the impact of labour migration on shortages occupations.

Nine Member States do not monitor this systematically, however, some monitor the impact on an ad-hoc basis, e.g. for particular skills or policy measures. Some countries monitor the impact of labour migration only on particular categories of shortage professions. Only five Member States monitor the impact of labour migration on shortages on a regular basis, in some cases as part of a formalised process to design migration policy.

While statistics are collected at Member State level on the intra-EU mobility of EU workers, these statistics do not specifically focus on the mobility of EU workers in those parts of the labour market affected by shortages. In most Member States no tools are in place to monitor the intra-EU mobility of third-country national workers.

3. FURTHER INFORMATION

Further information can be obtained from the EMN website, including the National Reports on this study as well as through contacting emn@icfi.com.

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