BRIEFING PAPER

EMN – JRC – DG HOME ROUNDTABLE

EU labour migration policy: time to move from a skill-based to a sector-based framework?

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MAIN TAKEAWAYS

- The link between labour market needs and labour migration is not evident – migration is only one of many tools to address labour shortages.

- In Europe, there is a significant concentration of migrants in low skilled professions and sectors, which has become ever more apparent during the COVID-19 pandemic while the contribution of EU labour migration policy to channel low skilled migrants is limited. Currently, it is mainly equipped to respond to labour market needs for highly skilled.

- It is crucial to rethink the relationships between labour migration and labour market needs and how low and medium skilled professions and sectors can be sustainably included in the design of EU labour migration policies.

- Skills mobility/talent partnerships are seen as an opportunity for the EU although it will be challenging to establish partnerships that span across all EU countries. They should be based on long-term planning and shared costs: the countries of destination need to invest in sending countries.

- It is difficult to say whether a sectoral or skills approach is better for an EU labour migration policy that responds to labour market needs, as it depends on the sector. Skills or sectors should not be a binary choice – both approaches are necessary and can be complementary.

INTRODUCTION

In 2020, the European Commission updated the [Skills Agenda for Europe](#) and published the [New Pact on Migration and Asylum](#). These developments recognised the crucial role that migration plays in filling existing and future labour and skills shortages, calling for a "more strategic approach to legal migration, oriented towards better attracting and keeping the talent" ([EC 2020](#)).

The first European Migration Network (EMN) Roundtable organised in collaboration with the Joint Research Centre (JRC) and DG HOME took place on 5 November 2020 in a virtual setting. It provided the opportunity to discuss EU labour migration policy and possible benefits as well as challenges arising from a more sector-centred versus a skill-centred approach. This document provides a summary of the discussion without references to individuals or organizations, respecting Chatham House Rules as set-out during the event.

The roundtable brought together key thought leaders from academia, think tanks, intergovernmental and international organizations as well as Member States to discuss the extent to which the current EU labour migration policy responds to the labour market in terms of current and future skill and sectoral needs, questioning whether it is time to move from a skill-based to a more sector-based framework. The event drew on past experiences with a specific focus on the needs which emerged during the COVID-19 pandemic, and practices at the national level.

Besides the general panel discussion, the Roundtable hosted three parallel break-out sessions that focused on three specific sectors, notably: i) agriculture, ii) health and long-term care, and iii) information and communications technology (ICT). These are the sectors where labour shortages have been identified most prominently with the onset of the pandemic and represent a mix of regulated and non-regulated sectors, with high and low skills professions.

TO WHAT EXTENT DOES THE CURRENT EU LABOUR MIGRATION POLICY RESPOND TO LABOUR MARKET NEEDS?

The link between labour market needs and labour migration is not straightforward where labour migration remains only one tool to address shortages. The first challenge lies in the identification of labour market needs. The available analytical tools are ambiguous. The concept of 'skill', for instance, may refer to the level of education required for the specific occupation, the tasks involved in a profession (CEDEFOP 2018), or to the combination of skills, knowledge and abilities needed to perform the job (OECD 2018). Different methodologies are used to identify labour market needs, including labour market analyses, projections, vacancy assessments, employers' surveys, each presenting specific limitations. Relying on a mix of qualitative and quantitative techniques helps minimise these limitations.

Once labour market needs have been identified, however imperfect, a further challenge lies in the array of possible causes of a labour shortage. These may affect the entirety or parts of a country' skill system and may include inadequate skills development, activation, and matching (CEDEFOP 2020). Moreover, besides determining factors of demand and supply, other labour market characteristics such as salaries, working conditions, and innovation have to be taken into account when assessing the skill needs. Persistent shortages in some sectors or occupations may in fact signal flaws in the skill system or a distortion of the labour market.

Labour migration is only one of many tools to address labour shortages. Others include raising wages, offering trainings, improving working conditions, improving matching and retention, automating tasks, offshoring, or even shutting down production or service lines. To choose which tool(s) to apply is in part a political choice.

EU countries seem to be biased towards highly skilled professionals and have designed their policies accordingly. At the EU level, the labour market needs assessment for highly skilled tends to be lighter than the one for low and medium skills or for specific sectors. For low and medium skilled professions, a more detailed labour market assessment is carried out to assess whether exceptional conditions justify migration or ease entry requirements. The assessment can focus on the profession in the form of shortage occupation lists for example.

For high skills, a general labour market analysis suffices to justify and promote migration. This corresponds to a political choice of favouring highly skilled migrants, backed by the following economic arguments:

i.   High skilled workers are the backbone of a knowledge-based economy and contribute to boosting economic competitiveness (OECD 2008; Duncan, N. 2012).

ii.   Shortages in highly skilled occupations are likely to persist and due to the limited share of routine tasks, automation will not be able to offset them (JRC 2018).

iii.   The positive fiscal impact of highly skilled workers is expected to be higher (JRC 2020).

While EU labour migration policies seem to be geared towards highly skilled professionals, the concentration of migrants in low skilled professions and in specific sectors, especially those with large low skilled occupations, is significant (OECD 2020). This has become particularly obvious with the onset of the COVID-19 pandemic which highlighted the important contributions of both high and lower skilled labour migrants to essential services such as health care, agriculture and food processing, just to name a few (JRC 2020a, EMN-OECD 2020). The agriculture, health and long-term care, and ICT sectors differ in terms of skill concentration, level of regulation, and labour market dynamics, but they share one important dynamic: the crucial role played by migrant workers (see boxes 1-3 below).

Box 1. Agriculture

The sector registered an absolute decrease in agricultural workers (from 10.8 million in 2009 to 8.9 million in 2018) but a relative increase in (EU and non-EU) migrant workers (from 3.5% in 2009 to 6.4% in 2019), especially for low-skilled occupations (JRC 2020b). Yet, the significant presence of undeclared work makes labour market intelligence, and hence policy design, particularly challenging. Due to labour market conditions and the requirement of a specific set of skills, the sector remains unattractive for locals. Innovation and environmental sustainability will mark the future of the sector and will demand a new and specific skill set. While agriculture is a sector in which migrants are an essential part of the labour force and in which migration management cooperation with third countries has proven fruitful, improving working conditions and preparing for the future should be a priority. The involvement of social partners in labour migration management should contribute to making migrant as well as non-migrant work in agriculture more sustainable.

Box 2. Health and long-term care

Both sectors are currently experiencing labour shortages. Due to an ageing population, these are expected to increase in the future. Moreover, other developments linked to the delivery of services and the digital transformation point add to the need for new skills in the future. The health sector is heavily regulated within Member States, making migrants' access more challenging. The EU has been attracting an increasing number of migrant workers, coming mainly through non-labour migration channels. There are some initiatives aimed at increasing international recruitment, often in cooperation with third countries and encompassing a comprehensive package including recognition of qualifications, workplace training, inclusion, mentoring, etc. While these initiatives remain limited, they are promising instruments for labour migration management of health workers. A policy gap is registered for migration of long-term care workers who are hardly targeted by policy initiatives for international recruitment. To improve workforce planning there is a need to improve data to map demand and supply, develop skills through strategic planning (including transversal and soft skills) and strengthening governance.

Box 3. ICT

The current shortages of ICT professionals in Europe are estimated at half a million and are expected to rise. Small and Medium Enterprises (SMEs) in particular, face recruitment challenges. ICT profiles are needed not only in the ICT sector, but due to the ever-growing importance of digital skills in many other sectors as well. The required expertise is often very specific (e.g., block chain or Artificial Intelligence (AI) specialists) and the rapidly changing technologies make it difficult to reliably forecast labour market needs. Interdisciplinarity and diversity are crucial to foster innovation, so ICT skills alone are not enough.

Companies value real competence more than formal qualifications and it is thus important to have flexible skill assessment tools. The global size of the job market for these specialists makes international recruitment challenging. Measures to increase attraction and retention, the provision of comprehensive migration packages, as well as upskilling the existing labour force are recommended measures to be put in place to ensure appropriate workforce.

The contribution of EU labour migration policy to channel migrants is limited, particularly regarding low skilled professions or specific sectors. Labour migration regimes can be characterised by their preference for high, medium or low skilled workers and by targeted measures for specific sectors. This results in four possible clusters which reflect EU national labour migration regimes.[1]

However, explicit sectoral or large low skilled migration programmes – like for instance the Korean Employment Permit System, or the Japanese Technical Intern Training Programmes and Specified Skilled Worker visa – are absent in the EU. The seasonal agricultural programmes are exceptions, often managed in cooperation with third countries and employers. Other sectors or low skilled professions are more commonly targeted by specific provisions in the general migration programmes, shortage lists, or ad hoc regularisations.

Currently, EU labour migration policies are equipped to respond primarily to labour market needs for highly skilled professions and sectors. Addressing needs for low and medium skilled professions or sectors are the exception and relevant policies only seem to be drawn-up when labour market shortages have been identified. The very analysis of shortages, however, is challenging, and addressing them through labour migration implies political choices and trade-offs that go beyond the application of merely technical labour market assessments.

The COVID-19 pandemic has highlighted the importance of labour migrants in essential services, and the necessity of building resilient labour migration systems (Anderson, Poeschel and Ruhs 2020). Lockdown measures are unevenly impacting sectors, some of which register an unexpected increase or decline of labour demand. While recognising the important contributions of migrant workers, it is paramount to assess labour market dynamics and the skills system in a transparent and comprehensive manner. This will enhance the capacity of policy makers to make full use of the toolbox for workforce activation and better planning and will prevent that migration is used as a means to addressing labour market distortions.

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[1] The migration regimes of Member States can have: i) targeted schemes for general highly skilled workers and no sectoral measures; ii) targeted schemes for general highly skilled workers, complemented by some sectoral measures; iii) targeted schemes for highly skilled workers alongside general no-skilled based schemes and no sectoral measures; iv) targeted schemes for highly skilled workers alongside general no-skilled based schemes, complemented by sectoral measures.

These considerations offer a window of opportunity to rethink the relationships between labour migration and labour market needs, and how low and medium skilled professions and sectors can be sustainably included in the design of EU labour migration policies.

HOW CAN LABOUR MIGRATION POLICY BECOME MORE RESPONSIVE TO SECTORAL CONSIDERATIONS?

Sectoral- and skills approaches are both valid and should work in parallel. The skills approach is more focused on individuals and includes skill requirements such as soft and sociocultural skills. It takes the flexibility of the labour market into account as well as employment opportunities. The sector approach focuses on sectorial requirements.

It is difficult to say whether a sectoral or skills approach is better for an EU labour migration policy that responds to labour market needs, as it depends on the sector. In agriculture or construction, labour migration can be temporary, with no need for long term employment. In the ICT sector, there is a need for specialized workers, which do not necessarily require a broader skill set, such as language or soft skills or example. Hence, opening a targeted migration pathway may work, as long as training focuses on the needs of employers. In the health sector on the other hand, the required qualification standard is quite high, incl. language requirement, so it is difficult to attract the right workers just by opening a dedicated pathway. There is a need to invest in staff. Short-term or seasonal migration makes no sense in this case – migrants need to remain to ensure adequate return to investment. It thus becomes clear that sectoral- and skills approaches are both valid and should work in parallel.

Skills or sectors should not be a binary choice – both approaches are necessary and can be complementary. One important challenge is that the EU punches below its weight in terms of attracting talent. EU employers have performed comparably poorly in recruiting from the international labour force outside the EU. It has been suggested that Member State governments should be more actively involved in matching skills by creating a publicly sponsored matching and training system for example. Although critical voices also expressed doubts about the public sectors' ability to do this efficiently, particularly as the private sector may already provide for this, it was argued that such a system could have advantages if it simultaneously facilitates the migration process. In this case, interventions from the government side would be beneficial for both the migrant and the employer.

Talent pools and skills mobility/talent partnerships were suggested as important opportunities for the EU. Talent pools would not micromanage the labour market but would reinforce the role of the state to support the market with the objective of facilitating labour migration management by frontloading candidates with the most relevant skills and meeting the migration requirements. An important challenge lies in convincing employers to use these pools, as they tend to rely on private sector offers. Sector-specific pools are more feasible than general pools, as they can be designed specifically to meet needs of employers. It is thus crucial to cooperate closely with private sector employers to identify their needs in order to attract the right talents. The challenge to this approach would arise when establishing partnerships that span across all EU countries due to different demographics, labour market needs and difficulties of harmonizing training.

The narrative should not be that Member States are competing with each other for talent; rather, they should work together to find a model that is cost-effective for all participating countries and migrants. The EU is not only in need of high-skilled talent, but also low-skilled workers, which will continue to persist even with further atomisation. The EU and its Member States can and should create more talent and increase the number of workers with the appropriate skills across sectors in both EU and third countries. EU countries are diverse in terms of

their labour market needs and while certain Member States may be losing the "global race for talent" others are not. Finally, internal mobility is also important and in fact works as a pool.

Oftentimes, talent partnerships are not beneficial to third countries which can lead to challenges, especially if they fail to address issues of brain drain and economic development. In the short term, bilateral or multilateral cooperation agreements should be prioritised. A coalition of states working together in a multi-state partnership could be beneficial. Skills mobility partnerships should be based on long-term planning and shared costs: the countries of destination need to invest in sending countries. Third countries are increasingly criticising EU countries for not paying enough attention to creating win-win situations, stressing that the perspective of countries of origin has not been given much attention. If Member States intend to fill labour market needs with workers from third countries, it is important to consider what they can do in terms of training the workforce in countries of origin, ensuring ownership of sending countries and considering sending countries' perspectives and needs. Skills mobility partnerships should be based on long-term planning, whereby not only those individuals that countries of destination end up recruiting are trained. Talent partnerships can offer an important opportunity for the EU if they are set up on a large scale and with substantial investment in sending countries. For a true partnership to work, a joint approach is needed were costs and benefits are shared.

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